CRAIG E. **JOHNSON** | FIFTH EDITION

ORGANIZATIONAL ETHICS

A PRACTICAL APPROACH

ORGANIZATIONAL ETHICS

Fifth Edition

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ORGANIZATIONAL ETHICS

A Practical Approach

Fifth Edition

Craig E. Johnson

George Fox University

SAGE

Los Angeles | London | New Delhi
Singapore | Washington DC | Melbourne

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INTRODUCTION: MAKING THE CASE FOR STUDYING ORGANIZATIONAL ETHICS

Evidence for the importance of organizational ethics is all around us. Scarcely a day goes by without revelations of a new organizational scandal. We read and hear about ethical failures in every sector of society—business, education, social service, environment, entertainment, military, medicine, religion, government. Here is just a small sample of the prominent organizations accused of immoral behavior:

- Wells Fargo: creating fake customer accounts, mortgage fraud
- Houston Astros: cheating during the World Series
- Purdue Pharma: triggering the opioid epidemic
- Fox News and NBC News: sexual harassment
- USC, Yale, Stanford, Georgetown, UCLA, University of Texas: admissions bribery scandal
- Facebook: failure to protect user data and to prevent election interference
- Russian Ministry of Sport: athlete doping
- Theranos: fabricating blood test results
- Uber: operating illegally, sexual harassment
- Venezuelan government: diverting food aid, drug trafficking
- United Nations Haitian peacekeeping force: child sexual abuse and rape
- U.S. Marine Corps: human smuggling
- Volkswagen: circumventing emissions tests

We all pay a high price for unethical organizational behavior. Offending organizations suffer damaged reputations; declining revenues, earnings, donations, and stock prices; downsizing and bankruptcy; increased regulation; and civil lawsuits and criminal charges. Their members may lose their jobs, see their retirement savings shrink, and end up doing jail time. Outsiders who have a stake or interest in the fallen organization also suffer. For example, patients taking drugs with undesirable side effects face a higher risk of death; neighbors near a polluting manufacturing plant have to live with environmental damage; investors victimized by fraud see their net worth decline; and needy citizens must do without important services when taxpayer funds are wasted. In addition, society as a whole suffers because trust in many of our basic institutions is lost. According to the 2020 Edelman Trust Barometer, respondents don't trust government, media, nongovernmental organizations (NGOs), or business. No institution rates highly on both competence (delivering on promises) and ethical behavior (doing the right thing and working to improve society). Business ranks highest in competence but low on ethics. NGOs are considered ethical but not competent. Government and the media are seen as both incompetent and unethical.[1]

Preventing significant harm is one reason why organizational ethics is worthy of your time and attention. The fact that you can do significant good is another. Granted, your ability to make system-

wide changes will be limited if you are a college graduate entering your first job. Nevertheless, you do have the power to manage your own behavior, and your coworkers will note how you react to ethical issues. You can practice sustainability and encourage others to do the same, foster group cooperation, reduce unhealthy conflict in your department, help create a meaningful work environment, and so forth. Your influence will likely grow over time, as those with undergraduate and graduate degrees generally end up in management positions.

If you question the ability of one person to make a difference, consider the humble origins of Barack Obama. He was the son of a white mother and an African father who abandoned his family. As a child, Obama spent time in both Indonesia and Hawaii, living either with his mother and sister or with his grandparents. He admits experimenting with drugs in high school as he struggled to find his identity. It wasn't until he enrolled in law school that Obama began to emerge as a leader, becoming the editor and then the first African American president of the *Harvard Law Review*. Later he moved to Chicago to become a community organizer and teach constitutional law. He was elected to the Illinois Senate and then to the U.S. Senate after first being defeated by a two-to-one margin in a race for a congressional seat. From there he went on to be elected and reelected as the first African American president of the United States. (In Chapter 11 you'll read about a Swedish teenager on the autism spectrum who became the leader of a worldwide movement.)

As a member of an organization, you will make ethical decisions on nearly a daily basis. Some are obvious, such as whether or not to clock in for a coworker or to lie to customers. Yet even routine decisions involving hiring, accounting, planning, manufacturing, and advertising have an ethical dimension. Take the case of a supermarket produce buyer deciding which fruits and vegetables to sell in her local stores, for instance. She must weigh several ethical considerations when making these determinations. For example, should she stock only organic products? Should she use suppliers who treat their workers poorly? Should local growers be given priority over distant producers even if the cost is higher? Is price or quality a more important consideration? Should she use her bargaining power to take advantage of growers or negotiate agreements that benefit all parties?

Not only will you continually make ethical choices, but those decisions can also determine your success or failure in your career. Technical skills alone are not enough to guarantee you a productive future. For instance, thousands of managers lost their jobs at Wells Fargo after creating fake accounts to meet sales quotas, as did thousands of lab assistants, quality control specialists, and others caught up in the fraud at Theranos. Business ethics professor Lynn Paine argues that moral thinking is "an essential capability for effective managers and organizational leaders."[2] She contrasts moral reasoning, which is concerned with ethical principles and the consequences of choices, with strategic or results-based thinking, which focuses on reaching objectives such as increasing revenue, finding new distributors, or manufacturing products. Though distinct, these two strands of reasoning intertwine. As a manager making strategic choices, you ought to consider important moral principles and weigh potential ethical consequences or outcomes. If you don't, your organization (like Theranos) may lose the right to operate in a modern society. Conversely, you must be a good strategic thinker to make wise moral decisions. You have to understand marketing, production, and organizational design, for example, to implement your ethical choices.

The benefits of studying organizational ethics extend well beyond job and career. As we'll see in the chapters to come, the positive effects of engaging in ethical behavior at work spill over into your personal life, reducing stress, improving your health and relationships, providing a sense of meaning and fulfillment, and so on. The concepts and strategies you learn, while directed at the workplace, also apply to your family, friendships, volunteer positions, and other settings. For instance, ethical decision-making formats can be used to address personal ethical dilemmas. Ethical conflict management strategies apply to family disputes. Ethical negotiation tactics could get you a better price on that car or boat. Offering or accepting forgiveness might repair a romantic relationship.

There's one final reason that you should focus on understanding ethics in organizations—you have a duty to do so. I believe that when we enter organizations as managers, workers, or volunteers, we assume the ethical burden of making them better places. *Organizational Ethics: A Practical Approach* is designed to help us carry out that task. But as we take on that responsibility, we need to clear out some misunderstandings that serve as barriers to ethical change. I call the first of these myths "The news is all bad." While organizations all too often fall victim to scandal, as we noted to start, there are plenty of examples of individuals and organizations doing the right thing. We'll look at a variety of them, including prisoners (Chapter 3), courageous women attacking sexual harassment (Chapter 6), ethically transformed organizations (Chapter 9), and outstanding corporate citizens (Chapter 11). The fact that we are shocked by ethical scandals is a sign that moral behavior remains the norm, not the exception.

The second myth is "There's nothing to it." Those who fall victim to this misconception believe that changing ethical performance is easy or that making moral choices is just common sense. They are seriously mistaken. Acting morally can be a tough task, as you've probably discovered when you tried to do the right thing in the face of peer pressure or were punished for telling the truth. At times you will be called upon to put aside your self-interest to meet the needs of others, to stand alone, and to endure criticism. You could risk losing your job because you "aren't a team player" or because you have to bring organizational wrongdoing to the attention of outside authorities (see Chapter 7). Further, ethical decisions are complex and often without any clear answers. They may require choosing between what appear to be two "rights" or two "wrongs."

The third myth is "It won't do any good." This myth comes out of widespread cynicism about organizations and stands at the opposite end of the spectrum from the second misconception. According to this perspective, change is too hard, not too easy. The individual can have little impact on the ethical climate of an organization. Organizations are too complicated and have a life of their own. Even people with high personal moral standards leave their scruples at the door when they go to work. They end up following company dictates, no matter how immoral.

This misconception contains an element of truth. Situational pressures are important determinants of ethical versus unethical behavior. In recognition of that fact, a great deal of this text is devoted to how we can reshape the ethical climates of our groups and organizations. There is little doubt that many of us do act contrary to our personal convictions due to outside pressures. However, this myth overlooks the fact that organizations are the products of choices. Organizations become embroiled in scandals because individuals and groups decide to lie, steal, abuse their positions and power, and cover up crimes. The same members that create and sustain unhealthy practices, values, and structures can develop more productive alternatives.

The fourth myth is "Too little, too late." Proponents of this view—including some university faculty—argue that our ethical values and standards are set in childhood. Studying ethics in college or on the job is a waste of time if that's the case. If we don't have strong values by the time we are adults, coursework will do little good.

Research doesn't support this argument. Neuroscientists report that brain structures are malleable, which means that we can improve our moral functioning throughout our life spans.[3] Psychologists have established that moral development, like physical and psychological development, continues beyond childhood.[4] Discussing ethical issues in the classroom does increase moral reasoning abilities all the way through graduate school. Most of us, whatever our stage in life, can point to ways that our views on moral issues like the death penalty, cloning, same-sex marriage, stem cell research, and recycling have changed over a period of years.

The fifth myth is "It all depends." This myth sometimes comes up at the beginning of ethics courses and workshops. One or more participants point out that ethical standards differ between cultures. They argue that what they will learn about ethics in the upcoming class or training session is of limited use in a global society where the right behavior depends on the cultural setting. They believe that there are no

universal moral standards and that we should set aside our particular values to fit into the local culture. Those who adopt this stance are correct in noting that ethical standards vary between cultures. However, as we'll see in Chapter 12, there do appear to be universal moral standards. We shouldn't go along with some local practices, such as bride burning and female circumcision. Further, there are guidelines to help us determine when we should accept or reject local customs.

The sixth myth is labeled "Yes but." Proponents of this view acknowledge that while ethics is important, it is not as important as other topics. They argue that time devoted to studying organizational ethics would be better spent on other subjects (e.g., public administration, management, finance, accounting, entrepreneurship, marketing). They object to offering a stand-alone ethics course. As recent scandals indicate, however, more, not less, time should be spent on moral decision making. An Ethics and Compliance Initiative survey found that misconduct is common in the workplace. A third of business employees in 13 countries reported observing unethical conduct, and 22% felt pressure to compromise their ethical standards.[5] Ethics deserves the same attention as, say, topics focused on the bottom line.

The seventh and final myth I've titled "We can't afford it." The argument here is that adopting high ethical standards is too costly. Adherents believe that ethical organizations can't compete in the modern marketplace. Groups that do the right thing, like refusing to bribe foreign officials to gain contracts, lose out to less scrupulous competitors. Proponents of this view also point out that unethical behavior often goes undetected and that good intentions, by themselves, are no guarantee of organizational success.

There is no doubt that ethical behavior can be costly. Unethical behavior frequently does go unpunished, and careful planning and execution must back lofty goals. However, there is evidence that ignoring ethics is costlier than pursuing ethics. Business ethicists report that, more often than not, it pays to be ethical. High moral standards and outstanding performance often go hand in hand. Many ethical strategies and actions—empowering employees, creating a sense of shared mission and values, demonstrating concern, truth telling, rewarding moral behavior—can improve employee commitment and productivity. The productivity of the entire organization improves as a result. In addition, there is evidence that organizations that strive to be good citizens are frequently (but not always) more successful. Winners of the prestigious Malcolm Baldrige National Quality Award, for instance, must demonstrate ethical and social responsibility. Companies adopting the Dow Jones Sustainability Index (DJSI) standards for social and environmental performance reported a higher gross profit margin and higher return on investment than similar non-DJSI firms.[6]

LOOKING AHEAD

This version of *Organizational Ethics: A Practical Approach* incorporates substantive changes from previous editions. The content of Chapter 3—Ethical Decision Making and Action—has been moved to Chapter 2 to make a closer connection to the ethical perspectives described in the first chapter as well as to introduce the five "I" format, which can serve as a template for resolving ethical dilemmas. Three-quarters of the previous case studies have been replaced, and some of those that remain have been updated to reflect the latest developments. New cases deal with facial recognition technology, the college admissions scandal, Ruth Bader Ginsburg, call centers, Rosalynn Carter, the #MeToo movement, tech worker resistance, Jeffrey Epstein, Navy SEALs, Tata Steel, Google, the opioid epidemic, plastic pollution, Dick's Sporting Goods, and other subjects. Over half of the self-assessments have been replaced with new instruments. Material on moral maturity and attentiveness, meaningful work, spiritual disciplines, immediacy behaviors, feedback, dysfunctional customer behaviors, ethical leadership theory, team defense mechanisms, organizational virtue, gamification, social intrapreneurs, social shareholder activism, cross-cultural ethical conflict, and other topics has been added.

Here is a detailed breakdown of new/revised/expanded coverage in this edition:

Chapter 1 Ethical Competencies and Perspectives

Moral maturity/moral conation

Altruism born of suffering

Humanistic management

Self-Assessment: Self-Report Altruism Scale

Cases: Facial recognition technology

Pets on planes

College admissions bribery scandal

Chapter 2 Ethical Decision Making and Action

Moral attentiveness

Aristotle's decision rules

Five "I" format

Moral elevation

Self-Assessment: Moral Intensity Scenarios

Cases: Carlos Ghosn (Nissan/Renault)

Scenarios: Geotagging, foie gras, billing codes

Chapter 3 Components of Personal Ethical Development

Discovering your calling

Dark side of a calling

Toxin handlers

Meaningful work

Spiritual disciplines

Cases: Prison gold coats

San Francisco mural controversy

Ruth Bader Ginsburg

Chapter 4 Ethical Interpersonal Communication

Immediacy behaviors

Giving and receiving feedback

McMindfulness

Self-Assessment: Feedback Orientation Scale

Cases: Online confirmation

Performance reviews

Chapter 5 Exercising Ethical Influence

Detecting deception

Dysfunctional customer behaviors

Self-Assessments: Psychological Empowerment Instrument

Emotional Labor Scale

Cases: Malaysian 1MBD fund/Jho Low

Call center emotional labor

Chapter 6 Ethical Conflict Management

Taking control in conflict

Incivility

Ethical fading in negotiation

Online trolls

Self-Assessment: Workplace Incivility Scale

Cases: Failed apologies

#MeToo movement

Chapter 7 Leadership and Followership Ethics

Toxic leadership attributes

Hubris

Ethical leadership theory

Ethical self-leadership

Self-Assessment: Ethical Leadership Scale

Cases: Tech worker resistance

Jeffrey Epstein

Rosalynn Carter

Chapter 8 Improving Group Ethical Performance

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Social Loafing Tendency Questionnaire

Cases: Navy SEALs

Philadelphia Eagles

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Leading ethical turnarounds

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U.S. Bank

Houston Astros

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Plastic pollution

Dick's Sporting Goods gun stand

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Cultural appropriation

A global oath for business executives

Cross-cultural ethical conflict model

Code of conduct for global labor rights

Self-Assessment: Ethnocentrism Scale

Cases: Missionary death

Apple in China

Scenarios: Right to be forgotten, outsourcing fast fashion, relief agency pullout

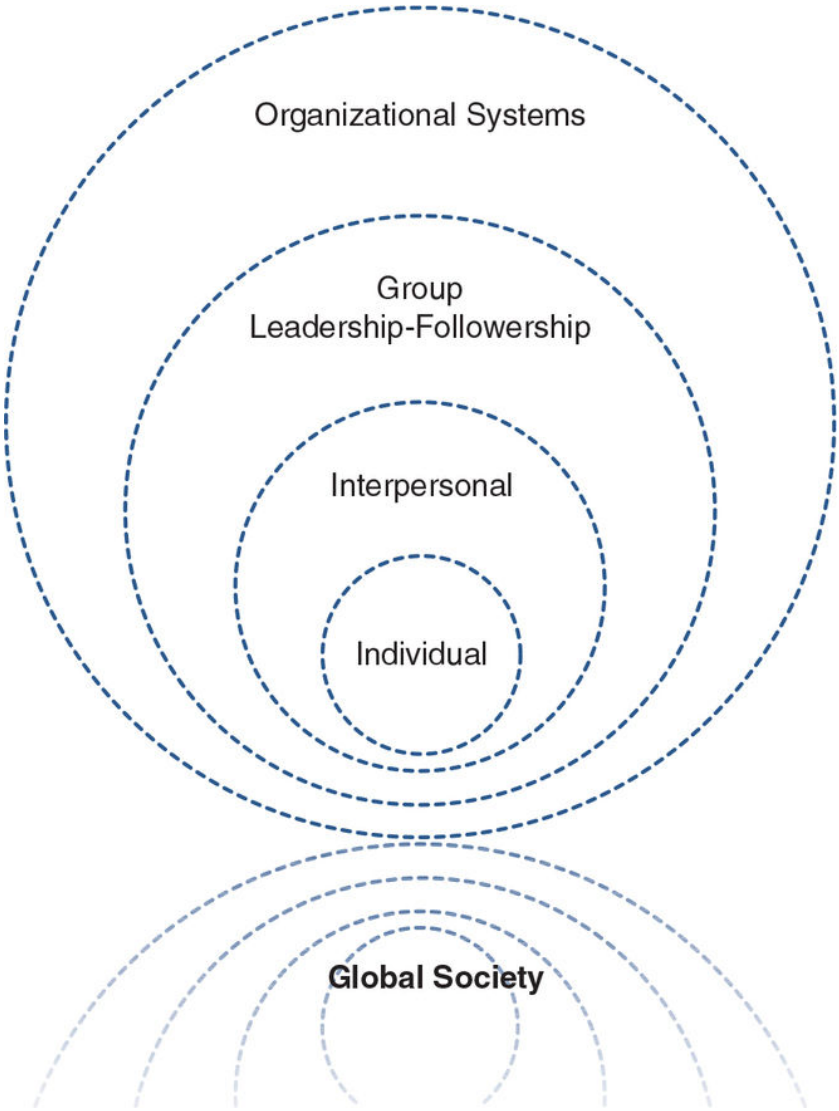
The fifth edition also retains several features found in earlier editions. First, as the title suggests, this is a book about the practice of ethics in all sorts of organizations (not just businesses). Second, there are plenty of opportunities for the application of concepts through practical suggestions, chapter-end projects, and case studies. Third, the text retains its interdisciplinary focus. In recent years, a significant number of social scientists have begun to examine ethics in the organizational setting. I cite findings from the fields of management, moral psychology, education, communication, neuroscience, marketing, human resources, organizational behavior, accounting, finance, and social psychology in addition to philosophy. This research is cited in the notes as well as in the comprehensive reference section at the end of the book.

Fourth, I emphasize self-examination and reflection. There are two self-assessments in each chapter. Fifth, my goal is to write in a reader-friendly style to make the discussion of ethics less intimidating. Sixth, I hope to provoke discussion and dialogue, which are essential to the learning process. There are no right or wrong answers to many of the questions and issues raised in the text. Instead, they should spark critical thinking and interaction.

Seventh, *Organizational Ethics: A Practical Approach* is organized around levels or concentric circles of organizational behavior as depicted in Figure 0.1, starting with the individual and then moving outward. However, in practice, these levels are permeable, as reflected by the dotted lines that separate them. Each level influences, and is influenced by, the other levels. A dishonest employee, for example, can undermine interpersonal communication, promote defective group decision making, and help create an unethical organizational culture. Conversely, a corrupt organization can corrupt otherwise honest groups and individuals. The organization and its members operate in a global society. Cultural values and practices shape the ethical behavior of organizations and the people who inhabit them. At the same time, organizations can help reshape the values of the larger society. Each level is covered separately in the pages to come, but don't lose sight of their interdependence.

Part I, "Practicing Personal Ethics in the Organization," examines the skills and knowledge we need to function as ethical organizational members. Many of the concepts introduced in this section play an important role in the later portions of the text. Chapter 1 describes ethical competencies and important ethical perspectives. Chapter 2 describes moral reasoning and intuition as well as decision-making processes and formats. Chapter 3 surveys personal moral development, including character development. Part II, "Practicing Interpersonal Ethics in the Organization," looks at the moral issues raised by our connections to other organizational members. Chapter 4 outlines an ethical framework for interpersonal communication. Chapter 5 addresses questions of power and influence in organizational settings. Chapter 6 examines the practice of ethical conflict management and negotiation, providing strategies for dealing with aggression and sexual harassment. Part III, "Practicing Leadership, Followership, and Group Ethics," focuses on the ethical dilemmas that are part and parcel of leadership and followership (Chapter 7) as well as organizational groups and teams (Chapter 8). Part IV, "Practicing

Ethics in Organizational Systems," examines organizations as integrated units. Chapter 9 looks at the components of ethical organizational culture and cultural change efforts. Chapter 10 identifies ethical issues that arise when carrying out critical organizational functions—marketing, finance and accounting, and human resources. Chapter 11 discusses tactics for promoting corporate citizenship. Chapter 12 addresses the challenges of practicing ethics in an increasingly global society.



Description

Figure 0.1

TEACHING RESOURCES

This text includes an array of instructor teaching materials designed to save you time and to help you keep students engaged. To learn more, visit sagepub.com or contact your SAGE representative at sagepub.com/findmyrep.

Descriptions of Images and Figures

Back to Figure

Starting from the innermost layer of the onion chart and moving outward, the levels of organizational ethics are listed as follows:

- Individual
- Interpersonal
- Group Leadership-Followership
- Organizational Systems

A mirror image of the chart is labeled "Global Society." In the mirror image, the Individual level is completely visible and the boundaries of the remaining levels are partially visible.

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ACKNOWLEDGMENTS

Writing this text would have been impossible without assistance at every stage of the project. Rob Bohall and other reference librarians helped me gather information. Students enrolled in graduate business ethics classes were the first to try out cases, self-assessments, and other chapter material. Colleagues in business, psychology, and philosophy answered my questions on topics in their respective disciplines.

Several reviewers offered helpful critiques on the fifth edition of this text. I have incorporated their insights whenever possible into this revision. The editorial and production staff at SAGE skillfully guided me through the final publication stages.

I am grateful to all the individuals and groups named above. Thanks, too, to my wife, Mary, who is all too aware of the demands that writing makes on my time but supports my efforts nonetheless.

Finally, I want to acknowledge the ethics scholars whose research and analysis provide the foundation of this book. Their ongoing efforts make me optimistic about continued progress in the study and practice of organizational ethics.

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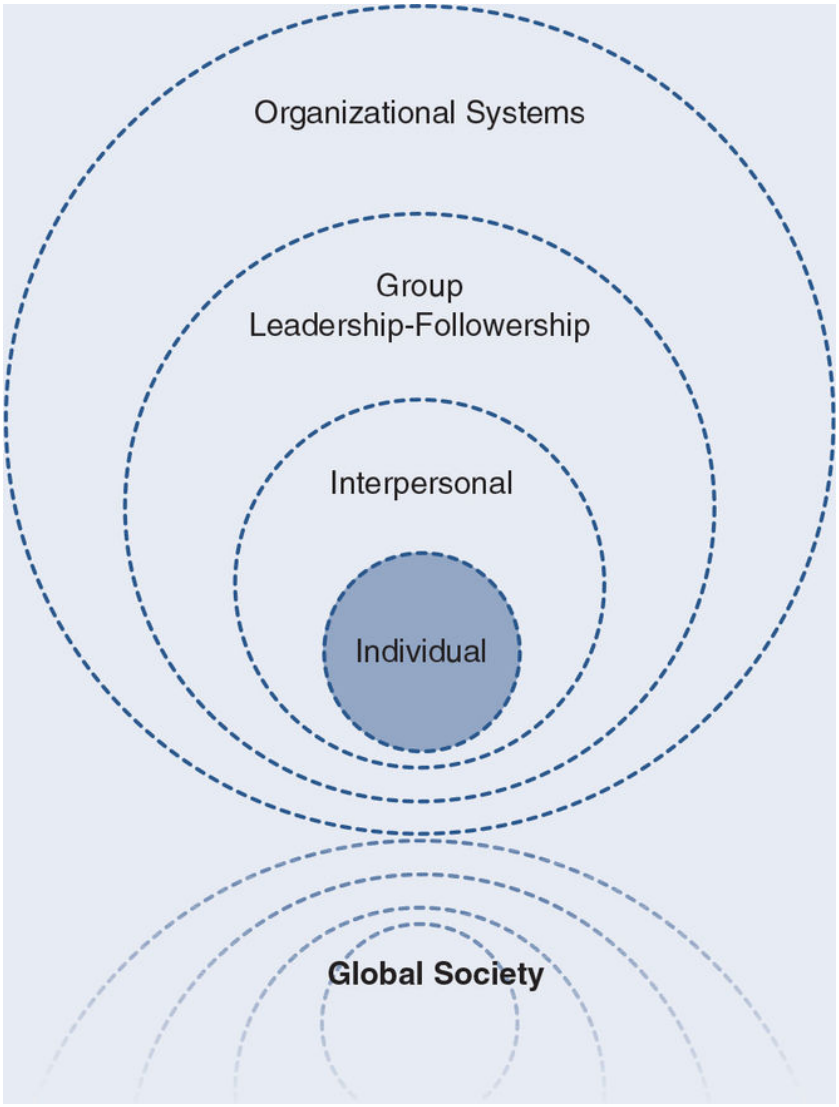
PART ONE PRACTICING PERSONAL ETHICS IN THE ORGANIZATION



Description

Descriptions of Images and Figures

Back to Figure

Starting from the innermost layer of the onion chart and moving outward, the levels of organizational ethics are listed as follows:

- Individual
- Interpersonal
- Group Leadership-Followership
- Organizational Systems

Individual is shaded in a dark color.

A mirror image of the chart is labeled "Global Society." In the mirror image, the Individual level is completely visible and the boundaries of the remaining levels are partially visible.

CHAPTER 1 ETHICAL COMPETENCIES AND PERSPECTIVES

Learning Objectives

- Define organizational ethics.
- Identify ethical competencies.
- Develop a plan for developing ethical competence.
- Summarize the major components of each ethical perspective.
- Name the similarities between the Confucian and Aristotelian ethical approaches.
- Explain the role that altruism plays in each of the major ethical perspectives.
- Assess the advantages and disadvantages of each ethical theory.
- Analyze an ethical dilemma using one or more of the six ethical theories.

Chapter Preview

Developing Ethical Competencies

Defining Organizational Ethics

Ethical Perspectives

- Utilitarianism: Do the Greatest Good for the Greatest Number
- Kant's Categorical Imperative: Do What's Right Despite the Consequences
- Rawls's Justice as Fairness: Balancing Freedom and Equality
- Aristotelian Ethics: Live Well
- Confucianism: Building Healthy Relationships
- Altruism: Concern for Others

Chapter Takeaways

Application Projects

Before we can raise the ethical performance of ourselves and our organizations, we need to be equipped for the task. In this first section of the text we'll focus on the knowledge and tools we need to make better ethical decisions ourselves while encouraging others to do the same. This chapter provides an overview of organizational ethics and introduces ethical competencies and perspectives.

Chapter 2 examines how to make and follow through on moral choices. Chapter 3 addresses the components of personal moral development.

DEVELOPING ETHICAL COMPETENCIES

For the study of organizational ethics to make a positive difference to us, to our organizations, and to society as a whole, we must put our knowledge to work. That calls for an applied or practical approach. A practical approach to organizational ethics is founded on the premise that we can develop our ethical expertise or competency just as we develop our abilities to manage, do cost accounting, and oversee operations.

University of Notre Dame psychologist Darcia Narvaez argues that we can master the knowledge and skills that can help us behave more like moral experts. She points out that ethical authorities, like experts in other fields, think differently than novices.[1] First, they know more about the ethical domain. Their networks of moral knowledge are more developed and connected than those of beginners. They note commonalities and differences, are more sensitive to moral cues, and understand the moral standards of the culture and group. Second, they see the world differently than novices. While beginners are often overwhelmed by new data, those with expertise can quickly identify and act on the relevant information. They are able to "think about their thinking" (demonstrate metacognitive ability), knowing what moral knowledge to apply in a particular situation. Moral experts also understand their personal moral standards and use their self-understanding to evaluate their options (e.g., "is this action consistent with my image of myself?"). Third, experts have different skill sets. They are better able to define the moral problem and then match the new dilemma with previous ethical problems they have encountered. As a result, they make better moral decisions faster, sometimes even automatically.

Experts become expert by learning in situations that reward the behaviors that lead to success in that domain, building on the

knowledge of previous generations, and putting forth sustained effort. A professional violinist, for example, spends years taking lessons, completing classes in music theory, practicing hours daily, and performing in recitals and concerts. You must follow similar strategies if you want to become less of an ethical novice and more of an ethical expert. Learn in a well-structured environment where correct behaviors are rewarded and where you can interact with mentors and receive feedback and coaching. Master both moral theory and skills. Familiarize yourself with how previous experts have dealt with moral problems and why some choices are better than others. Gain experience so that you'll not only get better at solving ethical problems but be better able to explain your choices. Finally, practice, practice, practice. You will have to put in the necessary time and concentrated effort. Ethical progress takes hours of practice wrestling with moral dilemmas. To get started, complete Self-Assessment 1.1 to determine how you feel about ethical behavior in business and other organizational settings.

Organizational Ethics: A Practical Approach incorporates all of the developmental components just outlined. The book is designed for use in a college or university classroom where ethical knowledge and behaviors are encouraged and professors and classmates provide feedback. You will be introduced to the insights of ethical experts both past and present and see how some behaviors are more effective than others. The text supplies you with plenty of opportunities to practice your problem-solving abilities and to defend your decisions. You'll be provided with lists of steps or actions you and your organization can take. Cases provide opportunities to apply what you've read, and the self-assessments in each chapter measure your (or your leader's or organization's) performance on an important behavior, skill, or concept. The Takeaways sections at the end of each chapter review important concepts and their implications. The Application Projects sections ask you to engage in further reflection, analysis, and implementation. You can complete some of these activities on your own; others require group participation.

Scholars describe a variety of competencies we need to develop if we hope to become more expert. Sean Hannah and his colleagues believe that, in order to think and act ethically, you must expand your capacities for moral maturation and moral conation.[2] You can use these competencies as a yardstick to measure your ethical progress. *Moral maturation* capacity drives ethical thinking and involves the ability "to elaborate and effectively attend to, store, retrieve, process, and make meaning of morally relevant information." The components of moral maturation are

1. moral complexity: knowledge of a specific domain of ethics (i.e., accounting ethics or medical ethics), which allows for in-depth processing; developing categories to discriminate among types of information; ability to see commonalities and connections in ethical situations; creating prototypes to use in processing ethical problems; knowing what *not* to do; sensitivity to moral cues; understanding of the morality of a culture or social group.
2. metacognitive ability: monitoring and regulating thinking; capacity to reason and solve problems; applying knowledge to specific moral dilemmas; assessing what information to use and its accuracy (i.e., considering all aspects of an ethical dilemma).
3. moral identity: knowledge of self as a moral actor; regulating behavior according to beliefs, values, goals, and social roles; applying the moral self to a variety of situations.

Moral conation capacity describes taking responsibility and then being motivated to do the right thing even when faced with adversity. Moral conation is made up of

1. moral ownership: feeling a sense of responsibility for one's own ethical actions, the ethical behavior of others, and the moral behavior of the organization, group, or society; seeking to do good while refusing to ignore unethical behavior.
2. moral efficacy: belief in one's ability to take ethical action and to persist when faced with challenges; confidence to perform in a

given ethical situation; availability of outside support for moral behavior (i.e., whistle-blower protections, peer support).
3. moral courage: willingness to face danger; strength of will to overcome ethical challenges and barriers; maintaining personal principles in the face of outside pressure.

Wright State University business ethics professor emeritus Joseph Petrick outlines three types of competencies that can serve as another measure of your ethical development. *Cognitive decision-making competence* means demonstrating "abilities to recognize, understand, analyze, and make responsible judgments about moral matters" in business and other organizational contexts.[3] *Affective prebehavioral disposition competence* encompasses ethical emotions, attitudes, and motivations. Becoming more of an expert in organizational ethics should not only improve your problem-solving abilities but also prompt you to develop your character and increase your motivation to follow through on your choices. *Context management competence* involves the managerial skills needed to build ethical organizational environments. You need to help create ethical settings that encourage members to demonstrate their cognitive and affective competence. You should also be able to encourage your organizations to meet the needs of stakeholders, protect the environment, honor the rights of overseas workers, and so on.

Self-Assessment 1.1: Attitudes Toward Business (and Organizational) Ethics

Instructions

Reflect on the following statements. Indicate your position regarding each by selecting your response to the right of each statement.

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. The only moral of business is making money.	1	2	3	4	5
2. Act according to the law, and you can't go wrong morally.	1	2	3	4	5
3. Moral values are irrelevant	1	2	3	4	5

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
to the business world.					
4. The lack of public confidence in the ethics of businesspeople is *not* justified.	1	2	3	4	5
5. As a consumer making an auto insurance claim, I try to get as much as possible regardless of the extent of the damage.	1	2	3	4	5
6. When shopping at the supermarket, it is appropriate to switch price	1	2	3	4	5

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
tags on packages.					
7. As an employee, I take office supplies home; it doesn't hurt anyone.	1	2	3	4	5
8. I view sick days as vacation days that I deserve.	1	2	3	4	5
9. In my grocery store every week, I raise the price of a certain product and mark it "on sale." There is nothing wrong with doing this.	1	2	3	4	5

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
10. The business world has its own rules.	1	2	3	4	5
11. True morality is first and foremost self-interested.	1	2	3	4	5
12. You should *not* consume more than you produce.	1	2	3	4	5

Scoring

If possible, have a classmate, friend, or colleague take this questionnaire and compare your ratings on each item. Explain your responses. Take the assessment again after completing the text and course. Compare your before and after answers and determine how much they have changed and why.

Source: Adapted from Preble, J. F., & Reichel, A. (1988). Attitudes towards business ethics of future managers in the U.S. and Israel. *Journal of Business Ethics*, 7, 947-948.

DEFINING ORGANIZATIONAL ETHICS

The first step toward expert mastery is defining the field of study. In the case of organizational ethics, that means identifying the unique characteristics of organizations and determining what sets ethical choices and actions apart from other forms of decision making and behavior. Organizations consist of three or more people engaged in coordinated action in pursuit of a common purpose or goal. They function as socially constructed, structured, interconnected systems.[4] Let's look at the elements of this definition in more detail.

Three or more people. The presence of three or more persons sets the stage for the formation of an organization, allowing for the development of structure, coalitions, shared meanings, and so forth. Organizational membership is generally voluntary, which sets organizations apart from families. We choose which organizations we want to join; we don't have a choice about which family we are born into. Organizations are generally more stable than small groups due to substitution of personnel. Members leave—retire, quit, pass away—but the organization continues as new people take their places.

Coordination of activities. Completion of any complex project, whether it be making a film, repairing a highway, or starting a health club, requires the coordination of people and units that carry out specialized tasks. Coordination, in turn, produces synergy. Synergy describes the way in which organizations are greater than the sum of their parts. The achievements of an organization as a whole are much greater than could be reached by a collection of individuals working on their own.

Goal directed. Organizations don't form by chance. Instead, they are intentionally formed to meet specific needs and to serve specific purposes like educating elementary school children, producing and selling automobiles, passing legislation, and combating crime. These objectives focus the collective energies of members.

Socially constructed. Organizations are human creations shaped through the collective decisions and actions of their members. These creations then shape the thoughts and behaviors of their makers. For example, those who make a policy, such as one forbidding romantic relationships between superiors and subordinates, are bound by this rule. The socially constructed nature of organizations is particularly apparent in their cultures. No two organizations are exactly alike. Every group has its unique way of seeing the world or culture developed through shared meaning and experiences. New employees often undergo a form of culture shock as they move into an organization with a different language, customs, and attitudes about work and people.

Structured interaction. The word *organization* frequently conjures up images of organizational charts, policy manuals, discipline policies, articles of incorporation, and other official documents. Bureaucratic organizations in particular do their best to leave nothing to chance, spelling out everything from how to apply for sick leave and retirement benefits to the size of office cubicles. They also carefully detail how tasks like processing auto insurance payments and registering students are to be managed. However, some of the most important elements of structure aren't formalized. Communication scholars, for instance, study communication networks, which are patterns of messages sent between individuals and organizational units. These networks may have little resemblance to the

flow of information outlined in the official organizational chart.

Roles and hierarchy are two particularly important aspects of structure. *Roles* are sets of expectations, responsibilities, and duties associated with organizational positions. Failure to meet role expectations generates sanctions in the form of criticism, reprimands, lower wages, and termination. *Hierarchy* grants certain individuals and groups more power, status, and privileges, and there are one or more centers of power that review and direct organizational performance. Differences in status and power are part of every interaction between organizational members. The degree of structure helps set organizations apart from groups. Groups also have three or more members, may be goal directed, and delegate various roles. Nonetheless, they lack many of the formal elements—written policies, job descriptions, job titles—common to organizations.

Interconnectedness (systems). Organizations function as interconnected systems. Consider all the departments involved in the introduction of a new product, for instance: research and development, design, purchasing, production, marketing, finance, human resources. The success of a product introduction depends on each division doing its part. Marketing can do an effective job of promoting the new item, but first purchasing must secure the necessary components at the right cost and production must meet manufacturing deadlines. Because organizations function as systems, a change in any one component will influence all the others. A new accounting system, for example, will change the way that every department records expenses, books revenue, and determines profits.

Ethics involves judgments about the rightness or wrongness of human behavior. To illustrate this point, I've collected definitions of the term from a variety of sources. Notice how each highlights the evaluative nature of ethical study and practice.

"Ethics is concerned with how we should live our lives. It focuses on questions about what is right or wrong, fair or unfair, caring or uncaring, good or bad, responsible or irresponsible, and the like."[5]

"Ethics deals with individual character and with the moral rules that govern and limit our conduct. It investigates questions of right and wrong, fairness and unfairness, good and bad, duty and obligation, and justice and injustice, as well as moral responsibility and the values that should guide our actions."[6]

"[Ethics comprises] the principles, norms, and standards of conduct governing an individual or group."[7]

"Ethical judgments focus … on degrees of rightness and wrongness, virtue and vice, and obligation in human behavior."[8]

"Ethics guide us in identifying right from wrong, good from bad, and just from unjust."[9]

"Ethics basically refers to issues of right, wrong, fairness, and justice."[10]

"[An ethical act or decision] is something judged as proper or acceptable based on some standard of right and wrong."[11]

There are some scholars who make a distinction between ethics and morals, drawing in part on the origins of each word.[12] *Ethics* comes from the Greek term *ethos*, which refers to "custom" or "usage" or "character." *Moral* is derived from the Latin *mos* or *moris*, which refers to "conduct" or "way of life." From this perspective, ethics has to do with the systematic study of general principles of right and wrong behavior. Morality and morals, on the other hand, describe specific, culturally transmitted standards of right and wrong ("Thou shalt not steal"; "Treat your elders with respect"). Maintaining this distinction is becoming more difficult, however. Both ethics and morality involve decisions about right and wrong. When we make such evaluations, we draw upon universal principles as well as upon our cultural standards. Further, scholars from a number of fields appear to use the terms *ethics* and *morals* interchangeably. Philosophers interested in ethics study moral philosophy, for example, while psychologists examine moral reasoning and educators promote moral education. For these reasons, I will use the terms synonymously in the remainder of this text. You, of course, are free to disagree. You may want to engage in a class discussion about whether these two concepts should be integrated or treated separately.

Organizational ethics applies moral standards and principles to the organizational context. Organizations are well suited for ethical analysis because, as we've seen, they are the products of conscious, goal-directed behavior. Whatever form they take (small, family-owned restaurants; community-based nonprofits; large multinational corporations; international relief agencies), all employers share the common features described earlier. These shared elements mean that members in every type of organization face some common ethical temptations and dilemmas. Further, a common body of theory, principles, strategies, and skills can be used to address these moral challenges.

I am convinced there is much to be gained in looking at ethical problems and solutions across organizational boundaries. No matter

what particular type of organization we belong to, we can learn from the experiences of others in different settings. Knowing how corporate managers communicate important values, for instance, can be useful to those of us working in the federal government. If we work in business, we can gain important insights into how to empower employees from watching how nonprofit executives recruit and motivate volunteers.

ETHICAL PERSPECTIVES

Ethical theories are critical to developing our ethical competence. Ethical perspectives are tools that help us identify and define problems, force us to think systematically, encourage us to view issues from many different vantage points, and provide us with decision-making guidelines. We'll return to them again and again throughout the rest of this text. In this section, I'll briefly summarize each perspective and then offer an evaluation based on the theory's advantages and disadvantages.

Resist the temptation to choose your favorite approach and ignore the rest. Use a variety of theories when possible. Applying all six approaches to the same problem (practicing ethical pluralism) is a good way to generate new insights about the issue. You can discover the value of ethical pluralism by using each theory to analyze the case studies at the end of the chapter (see Application Project 9). You may find that some perspectives are more suited to these problems than others. Combining insights from more than one theory might help you come up with a better solution. At the very least, drawing from several perspectives should give you more confidence in your choice and better prepare you to defend your conclusions.

Utilitarianism: Do the Greatest Good for the Greatest Number

Many people weigh the advantages and disadvantages of alternatives when making significant decisions. They create mental balance sheets listing the pluses and minuses of each course of action. When it's a particularly important choice, such as deciding which job offer to accept or where to earn a graduate degree, they may commit their lists to paper to make it easier to identify the relative merits of their options.

Utilitarianism is based on the premise that our ethical choices, like other types of decisions, should be based on their outcomes.[13] It is the best-known example of *consequentialism*, a branch of moral philosophy that argues that the rightness or wrongness of an action is dependent on its consequences. The goal is to maximize the good effects or outcomes of decisions. English philosophers and reformers Jeremy Bentham (1748–1832) and John Stuart Mill (1806–1873) believed that the best decisions (1) generate the most benefits relative to their disadvantages, and (2) benefit the largest number of people. In other words, utilitarianism is attempting to do the greatest good for the greatest number of people. *Utility* can be defined as what is best in a specific case (act utilitarianism) or as what is generally preferred in most contexts (rule utilitarianism). We can decide, for example, that telling a specific lie is justified in one situation (to protect a trade secret) but, as a general rule, believe that lying is wrong because it causes more harm than good.

Utilitarians consider both short-and long-term consequences when making ethical determinations. If the immediate benefits of a decision don't outweigh its possible future costs, this alternative is rejected. However, if the immediate good is sure and the future good is uncertain, decision makers generally select the option that produces the short-term benefit. Utilitarians are also more concerned

about the ratio of harm to benefit than the absolute amount of happiness or unhappiness produced by a choice. In other words, a decision that produces a great amount of good but an equal amount of harm would be rejected in favor of an alternative that produces a moderate amount of good at very little cost. Further, utilitarian decision makers keep their own interests in mind but give them no more weight than anyone else's.

Making a choice according to utilitarian principles is a three-step process. First, identify all the possible courses of action. Second, estimate the direct as well as the indirect costs and benefits for each option. Finally, select the alternative that produces the greatest amount of good based on the cost-benefit ratios generated in step two. Government officials frequently follow this process when deciding whether to impose or loosen regulations. Take decisions about mandatory motorcycle helmet laws, for example. The benefits of requiring helmet use for all riders include a reduction in head and neck injuries and crash fatalities. (Taxpayers pick up the bill when underinsured or noninsured riders are injured.) The costs include infringement on personal freedom, an important value to motorcycle owners, and a false sense of security that encourages riders to drive more aggressively, putting them in more danger. After balancing the costs and benefits, 19 states require that all riders wear helmets while the rest do not.[14]

Evaluation

Few could argue with the ultimate goal of utilitarianism, which is to promote human welfare by maximizing benefits to as many people as possible. We're used to weighing the outcomes of all types of decisions, and the utilitarian decision-making rule covers every conceivable type of choice, which makes it a popular approach to moral reasoning. Utilitarian calculations typically drive public policy decisions, such as whether to legalize marijuana or to give tax

breaks to attract business. In fact, Bentham and Mills introduced utilitarianism to provide a rational basis for making political, administrative, and judicial choices, which they felt previously had been based on feelings and irrational prejudices. They campaigned for legal and political reforms, including the creation of a more humane penal system and more rights for women. Utilitarian reasoning is also applied in emergency situations, such as in the wake of earthquakes and tsunamis. In the midst of such widespread devastation, many medical personnel believe they ought to give top priority to those who are most likely to survive. They argue it does little good to spend time with a terminal patient while a person who would benefit from treatment dies.

Despite its popularity, utilitarianism suffers from serious deficiencies, starting with defining and measuring "the greatest good."[15] Economists define utility in monetary terms and use such measures as the gross national product to determine the greatest benefit. But the theory's originators, Bentham and Mills, define the greatest good as the total amount of pleasure or utility, abstract concepts that are hard to quantify. Sometimes identifying possible consequences can be difficult or impossible as well. Many different groups may be affected, unforeseen consequences may develop, and so on. Even when consequences are clear, evaluating their relative merits can be challenging. Being objective is difficult because we humans tend to downplay long-term risks in favor of immediate rewards and to favor ourselves when making decisions. Take efforts to reduce the use of fossil fuels, for example. Few seem willing to pay higher prices for energy now in order to reduce the effects of climate change in the future.

Due to the difficulty of identifying and evaluating potential costs and benefits, utilitarian decision makers may reach different conclusions when faced with the same dilemma, as in the case of motorcycle helmet laws or facial recognition technology (see Case Study 1.1). Ironically, one of the greatest strengths of utilitarian theory—its concern for collective human welfare—is also one of its greatest

weaknesses. In focusing on what's best for the group as a whole, utilitarianism discounts the worth of the individual. The needs of the person are subjugated to the needs of the group or organization. This type of reasoning can justify all kinds of abuse. For example, in the past, many college and professional football players immediately returned to the field after suffering concussions. They did so, in part, for the good of the team or the school, but 40% of former National Football League players suffer from brain injuries as a result.[16] Then, too, by focusing solely on consequences, utilitarianism seems to say that the ends justify the means. Most of us are convinced that there are certain principles—justice, freedom, integrity—that should never be violated.

Kant's Categorical Imperative: Do What's Right Despite the Consequences

Like the utilitarians, German philosopher Immanuel Kant (1724–1804) developed a simple set of rules that could be applied to every type of ethical decision. However, he reached a very different conclusion about what those principles should be. Kant argued that moral duties or imperatives are *categorical*—they should be obeyed without exception. Individuals should do what is morally right no matter what the consequences are.[17] His approach to moral reasoning falls under the category of deontological ethics. Deontological ethicists argue that we ought to make choices based on our duty to follow universal truths, which we sense intuitively or identify through reason (*deon* is the Greek word for "duty"). Moral acts arise out of our will or intention to follow our duty, not in response to circumstances. Based on this criterion, an electric utility that is forced into reducing its rates is not acting morally; a utility that lowers its rates to help its customers is.

According to Kant, "what is right for one is right for all." We need to ask ourselves if the principle we are following is one that we could logically conclude should be made into a universal law. Based on this reasoning, certain behaviors, like honoring our commitments and being kind, are always right. Other acts, like cheating and murder, are always wrong. Kant cited borrowing money that we never intend to repay as one behavior that violates what he called the *categorical imperative*. If enough people made such false promises, the banking industry would break down because lenders would refuse to provide funds.[18] That's what happened during the collapse of the U.S. housing market. A number of borrowers never intended to pay their home loans back, which helped generate a wave of foreclosures. Home loans then became much harder to get. Deliberate idleness is another violation of Kant's principles, because no one would exercise

their talents in a culture where everyone sought to rest and enjoy themselves.

Kant also argued for the importance of "treating humanity as an end," or respect for persons, which has become one of the foundational principles of Western moral philosophy. Others can help us reach our objectives, but they should never be considered solely as a means to an end. We should, instead, encourage the capacity of others to choose for themselves. It is wrong, under this standard, for manufacturing companies to expose nearby residents to hazardous chemicals without their consent or knowledge. Managers shouldn't coerce or threaten employees, because such tactics violate freedom of choice. Coworkers who refuse to help one another are behaving unethically because ignoring the needs of others limits their options. Concern for persons extends across international borders. Multinational corporations have a duty to ensure that their subcontractors and suppliers follow local labor laws, refrain from coercion, follow minimum safety standards, and provide a living wage for workers.[19]

Respect for persons underlies the notion of moral rights. Fundamental moral or human rights are granted to individuals based solely on their status as equal persons. Such rights protect the inherent dignity of every individual regardless of culture or social or economic background. Rights violations are unethical because they are disrespectful and deny human value and potential. The rights to life, free speech, and religious affiliation are universal (always available to everyone everywhere), are equal (no one has a greater right to free speech than anyone else, for instance), and cannot be given up or taken away.[20] (I provide one list of universal human rights in Chapter 12.)

Evaluation

Kant's imperative is a simple yet powerful ethical tool. Not only is the principle easy to remember, but making sure that we conform to a universal standard should also prevent a number of ethical miscues. (Turn to Case Study 1.2 to see the damage that can come from violating Kant's categorical principle.) Emphasis on duty builds moral courage. Those driven by the conviction that certain behaviors are either right or wrong no matter the situation are more likely to blow the whistle on unethical behavior (see Chapter 8), to resist group pressure to compromise personal ethical standards, to follow through on their choices (see Chapter 2), and so on. Recognizing that people are intrinsically valuable is another significant ethical principle. This standard encourages us to protect the rights of employees, to act courteously, to demonstrate concern for others, and to share information. At the same time, it condemns deceptive and coercive tactics. (Respect for persons is a key component of the humanistic approach to business described in Contemporary Issues in Organizational Ethics 1.1.)

Critiques of Kant's system of reasoning often center on his assertion that there are universal principles that should be followed in every situation. In almost every case, we can think of exceptions. For instance, many of us agree that killing is wrong yet support capital punishment for serial murderers. We value our privacy but routinely provide confidential information to secure car loans and to order products online. Then, too, how do we account for those who honestly believe they are doing the right thing even when they are engaged in evil? White supremacists, for instance, are convinced that Caucasians are superior to other racial groups. They believe that preserving racial purity is their duty.

Conflicting duties also pose a challenge to deontological thinking. Complex ethical dilemmas often involve competing obligations. For example, we should be loyal both to our bosses and to our coworkers. Yet being loyal to a supervisor may mean breaking loyalty with peers, such as when a supervisor asks us to reveal the source of a complaint when we've promised to keep the identity of

that coworker secret. How do we determine which duty has priority? Kant's imperative offers little guidance in such situations.

Contemporary Issues in Organizational Ethics 1.1: Humanistic Management

Most scholars and practitioners think of business in economic terms. From this economic perspective, profits (maximizing shareholder value) are the ultimate goal of a company. Those who hold this view often proclaim "business is business," signaling that ethics and values should take a back seat to the bottom line. Employees are a means to an end—profitability.

Proponents of humanistic management take issue with the popular understanding of business. They argue that people, not economics, should be the focus of companies. They encourage leaders, first of all, to recognize the intrinsic worth or dignity of both organizational members and outsiders. Employees should be seen as ends, not means, and should have the freedom to make decisions and to direct their career paths. Leaders ought to dialogue with followers about important policies and decisions as well as with stakeholders who are impacted by the firm's actions. Ethics needs to be integrated into managerial decision making to ensure justice and to reflect important values.

Second, humanistic theorists encourage managers to focus on helping employees reach their full potential, including helping them develop their moral character. According to University of Navarra (Spain) business professor Domènec Melé, humanistic management is "a management that emphasizes the human condition and is oriented to the development of human virtue, in all its forms, to its fullest extent."

Strategies for helping employees to flourish include, for instance, job redesign and enrichment, ensuring that new hires fit with the organization's mission and values, fostering engagement, participative management, and promoting moral character and virtues. Leaders need to recognize that community plays a critical role in personal development and treat their businesses as communities of persons. They can foster community through communicating frequently with members; providing trustworthy, relevant information; empowering workers to participate in decisions that impact their lives; and pursuing common goals that benefit the entire organization. The firm, in turn, functions as a community embedded in larger communities—town, state, nation. Corporate decisions need to be made in light of their impact on these larger collectives.

Third, those advocating for humanistic management highlight the importance of benevolence and care. Recognizing the dignity and uniqueness of every person means caring for individuals based on their needs, cultural background, interests, organizational role, and so on. They encourage businesses to express caring through helping employees who have personal and family needs, paying generous salaries and offering generous benefits, addressing work-family issues, fostering inclusion, and building long-term relationships with their workers.

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Rawls's Justice as Fairness: Balancing Freedom and Equality

Limited organizational resources make conflicts inevitable. There are never enough jobs, raises, corner offices, travel funds, laptop computers, iPads, and other benefits to go around. As a result, disputes arise over how to distribute these goods. Departments battle over the relative size of their budgets, for example, and employees compete for performance bonuses, promotions, and job titles. Participants in these conflicts often complain that they have been the victims of discrimination or favoritism.

Over the last third of the 20th century, Harvard philosopher John Rawls developed a set of guidelines for justly resolving disputes like these that involve the distribution of resources.[21] His principles are designed to foster cooperation in democracies. In democratic societies, all citizens are free and equal before the law. However, at the same time, citizens are unequal because they vary in status, economic standing, talents, and abilities. Rawls's standards honor individual freedom—the foundation of democratic cultures—but also encourage more equitable distribution of societal benefits. Rawls offered a political theory focused on the underlying structure of society as a whole. Nevertheless, I hope to demonstrate that his principles also apply to organizations and institutions that function within this societal framework.

Rawls rejected the use of utilitarian principles to allocate resources. He believed that individuals have rights that should never be violated no matter the outcome. In addition, he asserted that seeking the greatest good for the greatest number can seriously disadvantage particular groups and individuals. This can be seen in decisions to outsource goods and services to independent contractors. Outsourcing reduces costs and helps firms stay competitive.

Remaining employees enjoy greater job security, but some employees lose their jobs to outsiders.

As an alternative to basing decisions on cost-benefit ratios, Rawls argued that we should follow these two principles of justice[22]:

Principle 1: Each person has an equal right to the same basic liberties that are compatible with similar liberties for all.

Principle 2: Social and economic inequalities are to satisfy two conditions: (a) they are to be attached to offices and positions open to all under conditions of fair equality of opportunity, and (b) they are to be to the greatest benefit of the least advantaged members of society.

The first principle, the *principle of equal liberty*, has priority. It states that certain rights are protected and must be equally applied to all. These liberties include the right to vote, freedom of speech and thought, freedom to own personal property, and freedom from arbitrary arrest. Invading employee privacy and pressuring managers to contribute to particular political candidates would be unethical according to this standard. So would failing to honor contracts, since such behavior would reduce our freedom to enter into agreements for fear of being defrauded.

Principle 2a, the *equal opportunity principle*, asserts that everyone should have the same chance to qualify for offices and jobs. Job discrimination based on race, gender, or ethnic origin is forbidden. Further, all citizens ought to have access to the training and education needed to prepare for these positions. (Case Study 1.3 demonstrates how access to higher education is anything but equal.) Principle 2b, the *difference principle*, recognizes that inequalities

exist but that priority should be given to meeting the needs of the disadvantaged.

Rawls introduced the concept of the *veil of ignorance* to support his claim that these principles should guide decision making in democratic societies like Great Britain, the United States, and Canada. Imagine, he said, a group of people who are asked to come up with a set of guidelines that will govern their interactions. Group members are ignorant of their own characteristics or societal position—they may be privileged or poor, employed or unemployed, healthy or sick, and so on. Faced with such uncertainty, these individuals will likely base their choices on the *maximin rule*. This rule states that the best option is the one whose worst outcome is better than the worst outcomes of all the other options. Or, to put it another way, the best choice is the one that guarantees everyone a minimum level of benefits.

Rawls argued that individuals standing behind the veil of ignorance would adopt his moral guidelines because they would ensure the best outcomes even in the worst of circumstances. Citizens would select (1) equal liberty, because they would be guaranteed freedom even if they occupied the lowest rungs of society; (2) equal opportunity, because if they turned out to be the most talented societal members, they would not be held back by low social standing or lack of opportunity; and (3) the difference principle, because they would want to be sure they were cared for if they ended up disadvantaged.

Evaluation

Rawls became one of the most influential philosophers of his time because he offered a way to reconcile the long-standing tension between individual freedom and social justice. His system for distributing resources and benefits encompasses personal liberty as

well as the common good. Individual rights are protected. Moreover, talented, skilled, or fortunate people are free to pursue their goals, but the fruits of their labor must also benefit their less fortunate neighbors. Applying Rawls's principles would have a significant positive impact on the moral behavior of organizations. High achievers would continue to be rewarded for their efforts, but not, as is too often the case, at the expense of their coworkers. All of an organization's members (including those, for example, employed in low-income jobs in the fast-food industry) would be guaranteed a minimum level of benefits, such as a living wage and health insurance. Everyone would have equal opportunity for training, promotion, and advancement. The growing gap in compensation between the top and bottom layers of the organization would shrink.

Rawls's theory addresses some of the weaknesses of utilitarianism outlined earlier. In his system, individuals have intrinsic value and are not to be treated as means to some greater end. Certain rights should always be protected. The interests of the organization as a whole do not justify extreme harm to particular groups and individuals.

Stepping behind a veil of ignorance does more than provide a justification for Rawls's model; it can also serve as a useful technique to use when making moral choices. Status and power differences are an integral part of organizational life. Nonetheless, if we can set these inequities aside temporarily, we are likely to make more just decisions. The least advantaged usually benefit when status differences are excluded from the decision-making process. We need to ask ourselves if we are treating everyone fairly or if we are being unduly influenced by someone's position or relationship to us. Classical orchestras provide one example of how factoring out differences can improve the lot of marginalized groups. Orchestras began to hire a much higher percentage of female musicians after they erected screens that prevented judges from seeing the gender of players during auditions.[23]

Rawls's influence has not spared his theory from intense criticism. Skeptics note that the theory's abstractness limits its usefulness. Rawls offered only broad guidelines, which can be interpreted in a number of different ways. Definitions of justice and fairness vary widely, a fact that undermines the usefulness of his principles. What seems fair to one group or individual often appears grossly unjust to others. Take, for instance, programs that reserve a certain percentage of federal contracts for minority contractors. Giving preferential treatment to minorities can be defended based on the equal opportunity and difference principles. Members of these groups claim that they should be favored in the bidding process to redress past discrimination and to achieve equal footing with whites. On the other hand, such policies can be seen as impinging upon the equal liberty principle because they limit the freedom of Caucasians to pursue their goals. White contractors feel that these requirements unfairly restrict their options. They are denied the opportunity to compete for work based on the criteria of quality and cost.

By trying to reconcile the tension between liberty and equality, Rawls left himself open to attack from advocates of both values. Some complain that he would distribute too much to the have-nots; others believe that his concern for liberty means that he wouldn't give enough. Further, philosophers point out that there is no guarantee that parties who step behind the veil of ignorance would come up with the same set of principles as Rawls. They might not use the maximin rule to guide their decisions. Rather than emphasizing fairness, these individuals might decide to emphasize certain rights, such as freedom from coercion. Or they might believe that benefits should be distributed based on the contributions each person makes to the group, arguing that helping out the less advantaged rewards laziness while discouraging productive people from doing their best. Because decision makers may reach different conclusions behind the veil, critics contend that Rawls's guidelines lack moral force and that other approaches to distributing resources are just as valid as the notion of fairness.

Aristotelian Ethics: Live Well

Aristotle (384–322 BCE) would appear on any list of the most influential thinkers in history. Here are just some of the topics he wrote about: logic, philosophy, ethics, zoology, biology, chemistry, astronomy, botany, language, rhetoric, psychology, the arts, and politics. One biographer summed up his achievements this way: "He bestrode antiquity like an intellectual colossus. No man before him had contributed so much to learning. No man [or woman] could hope to rival his achievements."[24] A student of Plato, Aristotle founded a school for young scholars (the Lyceum) in Athens and served as an advisor to Alexander the Great. His surviving works are not in polished book form but consist of collections of lectures and teaching notes.

Bentham, Mills, Kant, Rawls, and most other moral philosophers argue that we make the right choices by following rules or principles. Not so Aristotle. He contends that we will make ethical decisions if we develop character traits or virtues.[25] These virtues are both intellectual (prudence and wisdom that give us insight) and moral (e.g., courage, generosity, justice, wisdom). To make ethical determinations, virtuous people find the mean or middle ground between the extremes of too little (deficit) and too much (excess) in a given context, which some refer to as the "Golden Mean." For instance, the entrepreneur who refuses to invest in any project, fearing loss, is cowardly. But the overoptimistic entrepreneur who ignores risks is foolish. The courageous entrepreneur recognizes the risks but invests when appropriate. Aristotle admits that finding this balance is difficult:

> Hence also it is no easy task to be good. For in everything it is no easy task to find the middle … anyone can get angry —that is easy—or give or spend money; but to do this to

> the right person, to the right extent, at the right time, with the right aim, and in the right way, *that* is not for everyone, nor is it easy; that is why goodness is both rare and laudable and noble.[26]

According to Aristotle, we cannot separate character from action: "Men [and women] become builders by building, and lyre-players by playing the lyre, so too we become just by doing just acts, temperate by doing temperate acts, brave by doing brave acts."[27] Good habits are voluntary routines or practices designed to foster virtuous behavior. Every time we engage in a habit—telling the truth, giving credit to others, giving to the less fortunate—it leaves a trace. Over time, these residual effects become part of our personality, and the habit becomes "second nature." In other words, by doing better, we become better. We also become more skilled in demonstrating the virtue. Practicing self-restraint, for instance, improves the ability to demonstrate self-restraint under pressure. (I'll have more to say about character-building habits in Chapter 3.) Conversely, practicing bad habits encourages the development of vices that stunt character development. Lying once makes it easier to lie again, helping to undermine our integrity.

For Aristotle, the exercise of virtues is designed to serve a higher purpose. To describe this purpose, he uses the term *eudemonia*, which has been variously translated as "happiness," "success," and "flourishing." Eudemonia is the ultimate goal in life for which we strive through our actions and choices. We are happiest when living well—effectively using our abilities to achieve our purpose. Aristotle rejects the notion that happiness comes from pleasure—food, wine, entertainment—and is critical of those who pursue wealth solely to purchase these items. In fact, fixating on pleasure puts us at the level of animals. It is our ability to reason and to apply reason to higher goals that sets us apart from other creatures. Aristotle urges us to focus more on goods of the soul that include the mind (knowledge, contemplation) as well as our relationships with others

(love, friendship). Because people are social or political in nature, we flourish when working together in community. Good (high-character) individuals create a good society.

Evaluation

Aristotle's enduring popularity can be traced, in large part, to the fact that he addresses some of humankind's most important concerns: What is my purpose in life? What is success? What does it mean to be human? What kind of person do I want to become, and how can I become that person? How can I live my life in the most satisfying manner possible? Modern scholars are still wrestling with these timeless questions. Happiness remains an important topic of investigation, for example, and many researchers and organizations are dedicated to determining what makes people satisfied with their lives. Aristotle's emphasis on the goods of the soul is more relevant than ever in modern materialistic societies that equate wealth with success and are driven by consumer spending on clothing, automobiles, cars, cosmetics, fine dining, and other pleasures. Aristotle contends that flourishing or living well rests not on external goods (though he agreed that we need some of these) but on developing high character and working with others to create a healthy society. He seems to take direct aim at businesspeople who excuse immoral behavior by saying "business is business" and care only about generating profits. Business ethicist Robert Solomon summarized Aristotle's message to businesspeople this way:

> The bottom line of the Aristotelian approach to business ethics is that we have to get away from "bottom line" thinking and conceive of business as an essential part of the good life, living well, getting along with others, having a

> sense of self-respect, and being part of something one can be proud of.[28]

Virtue ethicists who follow Aristotle's lead recognize that ethical decisions are often made under time pressures in uncertain conditions.[29] Individuals in these situations don't have time to apply rules-based approaches by weighing possible consequences or selecting an abstract guideline to apply. Instead, they respond based on their character. Those with virtuous character will immediately react in ways that benefit themselves, others, and the greater good. They will quickly turn down bribes, reach out to help others, and so on. Character is shaped through repeated actions or habits. Patterns of behavior (good or bad) tend to continue over time and are hard to break.

Those looking for specific guidance from Aristotle will be disappointed. He offers only general thoughts about what it means to "live well," leaving us to define happiness for ourselves. Since Aristotle provides no rules to follow when making ethical choices, we must determine what is right based on our character. Further complicating matters is the fact that the exercise of virtue is determined by the specifics of the situation. Finding the middle ground or mean is difficult (as Aristotle himself points out) and varies between contexts. Individuals will likely disagree as to the correct course of action. What is courageous to one person may appear rash to another.

Aristotle privileges reason as humankind's highest achievement and treats emotion with suspicion. As we'll see in Chapter 2, modern researchers are discovering that feelings play an important role in making wise ethical choices. Finally, it should be noted that some people would never be able to live well according to Aristotle. Certain individuals lack reasoning ability, for example. Others (like many around the world who live on a dollar a day) must put all their efforts into acquiring external goods like food, shelter, and water.

They have little time and energy to engage their minds in the reflection and contemplation Aristotle considered so essential to eudemonia.

Confucianism: Building Healthy Relationships

China's emergence as an economic superpower has focused the attention of Western scholars on Chinese culture and thought. Ethicists have been particularly interested in Confucianism. Confucius (551–479 BCE), the son of a low-level official, was born into a turbulent period of Chinese history. Wars, palace coups, and power struggles were common as the ruling Zhou dynasty collapsed into competing states. Confucius wanted to restore order and good government. He believed that the ideal society is based on a series of harmonious, hierarchical relationships (starting in the family and extending all the way up to the pinnacle of government) marked by trust and mutual concern. Ideal citizens are individuals of high character who engage in lifelong learning and always strive to improve their ethical performance. Ideal leaders govern by setting a moral example.[30]

Confucius apparently served a brief period as a government minister but spent most of his life working outside the political system, offering his ideas to various rulers. After his death, a number of his disciples, most notably Mencius, spread his ideas; Confucianism gained a foothold in Korea, Japan, and Vietnam. The philosophy's most important guidebook, *The Analects*, is a collection of the founder's (Master's) sayings. Confucianism was adopted as the official state doctrine of the Han dynasty, but throughout Chinese history Confucian thought has undergone periodic attack, most recently during Mao's Cultural Revolution of the 1970s. However, since that time Confucius has regained his popularity. Chinese universities host Confucian study centers, and Chinese children spend their weekends memorizing Confucian texts in private schools. Some 480 Confucius institutes have been established on six continents, including North America. Several highly successful businesses in mainland China, Taiwan, and Korea operate according

to Confucian principles, including Sinyi Realty, financial services conglomerate Ping An Insurance, and electronics giant LG.

Several key components of Confucianism are particularly relevant for modern business and organizational ethics, starting with the philosophy's emphasis on relationships.[31] Confucius argued that humans don't exist in isolation but are social creatures connected to others through networks of relationships. Because organizations consist of webs of relationships, it is critical that these connections be based on trust and benefit all parties. Organizations must also establish relationships with other organizations, as in the case of a firm that moves into a new foreign market. This company must enter into agreements with shippers, suppliers, local distributors, banks, and other business partners in the new country. The firm's expansion plans will fail if its relational partners don't live up to their responsibilities.

Confucianism emphasizes that rituals, policies, norms, and procedures—referred to as etiquette, or *li*—maintain relationships within and between organizations. These practices also prevent ethical misbehavior. It is easier to trust others if we operate under the same guidelines, and we are less likely to cheat or steal if there are clearly stated rules against such activities. (We'll take a closer look at the formal and informal elements of ethical culture in Chapter 9.) However, Confucius was quick to point out that rules and codes are not enough, by themselves, to maintain good relationships and ethical behavior. Individuals have a moral duty to take their roles and duties seriously. They should follow the Golden Rule ("Do not do to others what you do not want them to do to you") in all of their dealings.

Confucius, like Aristotle, puts a high priority on personal virtues or character.[32] That's because virtuous behavior is essential to maintaining healthy relationships and fulfilling organizational duties. The most important Confucian virtue is that of humaneness or benevolence. Benevolence goes beyond displaying compassion. It

also means treating others with respect and promoting their development through education and other means. In addition to benevolence, the key virtues of Confucianism are honesty, trust, kindness, and tolerance. Virtuous people put the needs of others above their own. They seek the good of the organization as a whole and of the larger society. Consider profit making, for instance. While they do not condemn profit, Confucian thinkers argue that profit should never take precedence over moral behavior or concern for others. The ideal person strives first for virtue, then for profits. In instructing the king, Mencius emphasized that commercial activities should serve the needs of society:

> Your majesty … What is the point of mentioning the word "profit"? All that matters is that there should be benevolence and rightness … If the mulberry is planted in every homestead, then those who are fifty can wear silk; if chickens, pigs and dogs do not miss their breeding season, then those who are seventy can eat meat; if each field is not deprived of labor during the busy season then families with several mouths to feed will not go hungry … When those who are seventy wear silk and eat meat and the masses are neither cold nor hungry, it is impossible for the prince not to be a true king. (Mencius I, 3, I, A, 1, 1, A, 3)[33]

Finally, Confucians recognize the reality of status and power differences in society as well as in organizations. Individuals occupy various roles and levels in the organizational hierarchy, and humaneness demands that we treat every person, whatever their position, with love and concern. At the same time, Confucius recognized the important role played by those at the top of the hierarchy. Executive-level management plays a key role in establishing moral organizational climates by setting an ethical

example and expecting ethical behavior from followers. For example,[34]

> The Master said, "When a prince's personal conduct is correct, his government is effective without issuing orders. If his personal conduct is not correct, he may issue orders, but they will not be followed." (*Analects*, XIII, vi)
>
> The Master said, "The superior man seeks to perfect the admirable qualities of men, and does not *seek to* perfect their bad qualities." (*Analects*, XII, xvi)

Evaluation

Confucianism highlights the fundamental truth that organizations, economies, and societies are built on relationships. As the global economy grows, fostering ethical relationships will become even more important. People who never meet each other in person now conduct much of the world's business. Confucius offers a blueprint for fostering trusting, healthy relationships that we can put into practice. We need to institute rules and procedures that create ethical organizational climates. However, codes and policies are not enough. We have to develop personal character to equip us to take our duties seriously and follow the Golden Rule. Every person, no matter their status, is worthy of our respect and should be treated as we would want to be treated. Putting the interests of others ahead of our own concerns can keep us from taking advantage of them or pursuing profit above people. Confucian thought also recognizes that the leader shapes the ethical climate of the organization by setting a moral example.

The strengths of Confucianism can become weaknesses if taken too far.[35] Consider the philosophy's emphasis on social connections, for example. Placing too much importance on relationships can undermine justice or fairness. Jobs and promotions in China often go to family members, friends, and associates instead of the most qualified individuals. In China, *guanxi*, which is the practice of favoring those with social connections, has led to corruption. Local and foreign firms try to establish *guanxi* through bribes to win public works contracts, commercial deals, and bank loans. Placing too much emphasis on hierarchy and submission to the collective good can foster authoritarian leadership where leaders impose their will and employees have little freedom but blindly submit to authority. Critics also point out that pursuing harmony at any cost can suppress individual rights and silence dissent. Many Confucian thinkers have been reluctant to endorse the existence of universal human rights like those described earlier.[36]

Altruism: Concern for Others

Altruism is based on the principle that we should help others regardless of whether or not we profit from doing so.[37] Assisting those in need may be rewarding—we may feel good about ourselves or receive public recognition, for example. Nevertheless, altruistic behavior seeks to benefit the other person, not the self. The most notable cases of altruism are those that involve significant self-sacrifice, as when a soldier jumps on a grenade to save the rest of the platoon or when an employee donates a kidney to another worker in need of a transplant. The word *altruism* comes from the Latin root *alter*, which means "other." Advocates of altruism argue that love of one's neighbor is the ultimate ethical standard.

Some philosophers argue that altruism doesn't deserve to be treated as a separate ethical perspective because altruistic behavior is promoted in other moral theories. Utilitarians seek the good of others, Kant urges us to treat others with respect, and Confucius identifies compassion as a key element in maintaining proper social relations. However, I believe that altruism deserves to be considered on its own merits and demerits. To begin with, altruism often calls for self-sacrificial behavior, whereas utilitarianism and the categorical imperative do not. Kant warns us never to treat people as a means to an end. Altruism goes a step further and urges us to treat people as if they *are* the ends. Then, too, there is significant debate over the existence of prosocial behavior. One group of evolutionary biologists believe that humans are conduits of "selfish genes."[38] For instance, they believe that anything we do on behalf of family members is motivated by the desire to transmit our genetic code. Some skeptical philosophers argue that people are egoists. Every act, no matter how altruistic on the surface, always serves our needs, such as helping others because we expect to get paid back at some later time.

In response to the skeptics, a growing body of research in sociology, neuroscience, political science, economics, social psychology, and other fields establishes that true altruism does exist and is an integral part of the human experience.[39] In fact, altruistic behavior is common in everyday life:

> We humans spend much of our time and energy helping others. We stay up all night to comfort a friend who has suffered a broken relationship. We send money to rescue famine victims halfway round the world, or to save whales, or to support public television. We spend millions of hours per week helping as volunteers in hospitals, nursing homes, hospices, fire departments, rescue squads, shelters, halfway houses, peer-counseling programs, and the like. We stop on a busy highway to help a stranded motorist change a flat tire, or spend an hour in the cold to push a friend's—even a stranger's—car out of a snowdrift.[40]

Care for others appears to be a universal value, one promoted by religions the world over. Representatives from a variety of religious groups agree that every person deserves humane treatment, no matter their ethnic background, language, skin color, political beliefs, or social standing.[41] Western thought has been greatly influenced by the altruistic emphasis of Judaism and Christianity. The command to love God and to love others as we love ourselves is the most important obligation in Judeo-Christian ethics. Since humans are made in the image of God, and God is love, we have an obligation to love others no matter who they are and no matter what their relationship is to us. Jesus drove home this point in the parable of the Good Samaritan. In this tale, a generous businessman stops,—at great risk to himself and his reputation,—to befriend a wounded Jewish traveler—a person he could have considered his enemy. (Complete Self-Assessment 1.2 to determine your level of altruism.)

Concern for others promotes healthy relationships like those described by Confucius. Society functions more effectively when individuals help one another in their daily interactions. This is particularly apparent in organizations. Many productive management practices, like empowerment, mentoring, and team building, have an altruistic component. Researchers use the term *organizational citizenship behavior* to describe routine altruistic acts that increase productivity and build trusting relationships.[42] Examples of organizational citizenship behavior include an experienced machine operator helping a newcomer master the equipment, a professor teaching a class for a colleague on jury duty, and an administrative assistant working over break to help a coworker meet a deadline. Such acts play an important if underrecognized role in organizational success. Much less work would get done if members refused to help out. Take the case of a new machine operator. Without guidance, this person may flounder for weeks, producing a number of defective parts and slowing the production process. Caring behaviors also break down barriers of antagonism between individuals and departments. Communication and coordination increase, leading to better overall results.

Self-Assessment 1.2: The Self-Report Altruism Scale

Instructions

Circle the number on the right that conforms to the frequency with which you have carried out the following acts. Scores range from 20 to 100. The higher the score, the more you believe you engage in altruistic behavior.

	Never	Once	More than once	Often	Very often
1. I have helped push a stranger's car out of the snow.	1	2	3	4	5
2. I have given directions to a stranger.	1	2	3	4	5
3. I have made change for a stranger.	1	2	3	4	5

	Never	Once	More than once	Often	Very often
4. I have given money to a charity.	1	2	3	4	5
5. I have given money to a stranger who needed it (or asked me for it).	1	2	3	4	5
6. I have donated goods or clothes to a charity.	1	2	3	4	5
7. I have done volunteer work for a charity.	1	2	3	4	5
8. I have donated blood.	1	2	3	4	5
9. I have helped carry a stranger's belongings	1	2	3	4	5

	Never	Once	More than once	Often	Very often
(books, parcels, etc.).					
10. I have delayed an elevator and held the door open for a stranger.	1	2	3	4	5
11. I have allowed someone to go ahead of me in a line (at photocopy machine, in the supermarket).	1	2	3	4	5
12. I have given a stranger a lift in my car.	1	2	3	4	5
13. I have pointed out a clerk's error (in a bank, at the supermarket) in	1	2	3	4	5

	Never	Once	More than once	Often	Very often
undercharging me for an item.					
14. I have let a neighbour whom I didn't know too well borrow an item of some value to me (e.g., a dish, tools, etc.).	1	2	3	4	5
15. I have bought "charity" Christmas cards deliberately because I knew it was a good cause.	1	2	3	4	5
16. I have helped a classmate who[m] I did not know that well with a homework assignment when my knowledge	1	2	3	4	5

	Never	Once	More than once	Often	Very often
was greater than his or hers.					
17. I have, before being asked, voluntarily looked after a neighbour's pets or children without being paid for it.	1	2	3	4	5
18. I have offered to help a handicapped or elderly stranger across a street.	1	2	3	4	5
19. I have offered my seat on a bus or train to a stranger who was standing.	1	2	3	4	5
20. I have helped an acquaintance	1	2	3	4	5

	Never	Once	More than once	Often	Very often
to move households.					

Source: Rushton, J. P., Chisjohn, R. D., & Fekken, G. C. (1981). The altruistic personality and the self-report altruism scale. *Personality and Individual Differences*, 2, 293–302, 3 Used by permission through Copyright Clearance Center.

The Ethic of Care

Altruism provides the foundation for the *ethic of care*, which developed as an alternative to what feminists deem the traditional, male-oriented approach to ethics.[43] The categorical imperative and justice-as-fairness theories, for example, emphasize the importance of acting on abstract moral principles, being impartial, and treating others fairly. Carol Gilligan, Nel Noddings, and others initially argued that women take a different approach (a "different voice") to moral decision making that is based on caring for others. Instead of expressing concern for people in abstract terms, women care for others through their relationships and tailor their responses to the particular needs of the other individual. Subsequent research has revealed that the ethic of care serves as a moral standard for many men as well as for many (but not all) women.[44]

The ethic of care incorporates both attitude and action.[45] Caring individuals are alert to the needs of others. They value those who demonstrate care and concern as well as groups and societies that

tend to the needs of their members. Care is also an activity.[46] To practice care, we must first recognize or be attentive to the needs of others. We then have to take responsibility for meeting those needs. Providing good care depends on having the right skills, such as listening, counseling abilities, and medical training. As caregivers, we should recognize that receivers of care are in a vulnerable position, and we must not take advantage of that fact.

Philosopher Virginia Held identifies five key components of the care ethic that separate it from other moral philosophies.[47]

1. *Focuses on the importance of noting and meeting the needs of those we are responsible for*. Most people are dependent for much of their existence, including during childhood, during illness, and near the end of life. Morality built on rights and autonomy overlooks this fact. The ethic of care makes concern for others central to human experience and puts the needs of specific individuals—a child, a coworker—first.
2. *Values emotions*. Sympathy, sensitivity, empathy, and responsiveness are moral emotions that need to be cultivated. This stands in sharp contrast to ethical approaches that urge decision makers to set aside their feelings to make rational determinations. However, emotions need to be carefully monitored and evaluated to make sure they are appropriate. For example, caregivers caught up in empathy can deny their own needs or end up dominating the recipients of their care.
3. *Gives priority to specific needs and relationships over universal principles*. The ethic of care rejects the notion of impartiality and believes that particular relationships are more important than universal moral principles like rights and freedom. For instance, the needs of our immediate coworkers should take precedence over the needs of distant employees or society as a whole (though we should be concerned for members of those groups as well). Most moral theories see ethical problems as conflicts between two extremes: the selfish individual and

universal moral principles. The care ethic falls somewhere in between. Persons in caring relationships aren't out to promote their personal interests or the interests of humanity; instead, they want to foster ethical relationships with specific individuals. These relationships benefit both parties. Family and friendships have great moral value in the ethic of care, and caregiving is a critical moral responsibility.

4. *Breaks down the barriers between the public and private spheres*. In the past, men were dominant in the public sphere while relegating women to the "private" sphere. Men largely made decisions about the exercise of political and economic power while women were marginalized. As a result, women were often economically dependent and suffered domestic violence, cut off from outside help. Previous moral theories focused on public life and ignored families and friendships, but the ethic of care addresses the moral issues that arise in the private domain. It recognizes that problems faced in the private sphere, such as inequality and dependency, also arise in the public sphere.
5. *Views persons as both relational and interdependent*. Each of us starts life depending on others, and we depend on our webs of interpersonal relationships throughout our time on Earth. These relationships help create our identity. Unlike liberal political theory, which views persons as rational, self-interested individuals, in the ethic of care individuals are seen as "embedded" in particular families, cultures, and historical periods. Embeddedness means that we need to take responsibility for others, not merely leave them alone to exercise their individual rights.

Adopting the ethic of care would significantly change organizational priorities. Employers would use caring as a selection criterion, hiring those who demonstrate relational understanding and skills.[48] Managers would be evaluated based on how well they demonstrated concern for employees. Organizations would help members strike a

better balance between work and home responsibilities, provide more generous family leave policies, expand employee assistance programs, and so on. Those directly involved in caregiving—assisted-living attendants, nursery school teachers, hospice workers, home health caregivers—would receive more money, recognition, and status.

Evaluation

Altruism has much to offer. First, concern for others is a powerful force for good. It drives people to volunteer to care for the dying, to teach prisoners, to act as Big Brothers and Sisters, to provide medical relief, and to answer crisis calls. Every year CNN television honors "ordinary heroes"—those devoted to helping others and the environment.[49] Recent honorees include a Nigerian woman who helps girls learn tech skills, a Mumbai lawyer who organized a volunteer movement to remove 60 million pounds of garbage from area waterways, a Colorado man who refits RVs to house wildfire victims, and a former Texas prisoner who helps those who have been incarcerated transition back into society. (Turn to Ethical Checkpoint 1.1 to see how suffering can encourage victims to reach out to others.)

Second, following the principle of caring helps prevent ethical abuses. We're much less likely to take advantage of others through accounting fraud, stealing, cheating, and other means if we put their needs first. (We'll return to this theme in our discussion of servant leadership in Chapter 7.) Third, altruistic behavior, as we've seen, promotes healthy relationships and organizations. There are practical benefits to acting in a caring manner.

Fourth, altruism lays the foundation for high moral character. Many personal virtues, like compassion, hospitality, generosity, and empathy, reflect concern for other people. Fifth, adopting an ethic of

care would make our workplaces more humane and provide caregivers with the rewards they so richly deserve. Finally, altruism is inspiring. When we hear of the selfless acts of Desmond Tutu, the Rwandans who risked their lives to save their neighbors from genocide, and health workers battling COVID-19, we are moved to follow their example.

While compelling, altruism suffers from serious deficiencies. All too often, our concern for others extends only to our immediate families, neighbors, or communities.[50] On the other hand, it may be possible to take altruism too far. Extreme altruists put the needs of others above their own needs and the needs of their families, risking their health and comfort and putting their loved ones in danger.[51] Sadly, well-intentioned attempts to help others can backfire. They fail to meet the need, have unintended negative consequences, or make the problem worse. A large proportion of the money donated to some charities pays for fund-raising expenses rather than for client services. Government agencies can create dependence by providing welfare assistance.

Altruism is not an easy principle to put into practice. For every time we stop to help a stranded motorist, we probably pass by several others who need assistance. Our urge to help out a coworker is often suppressed by our need to get our own work done or to meet a pressing deadline. Common excuses for ignoring needs include the following: (1) "Somebody else will do it, so I don't need to help"; (2) "I didn't know there was a problem" (deliberately ignoring a coworker's emotional upset or someone's unfair treatment); (3) "I don't have the time or energy"; (4) "I don't know enough to help"; (5) "People deserve what they get" (disdain for those who need help); (6) "It won't matter anyway, because one person can't make much of a difference"; and (7) "What's in it for me?" (looking for personal benefit in every act).[52] Even when we do help, it can be out of suspect motives. We may be driven by peer pressure, guilt, or the desire to maintain a good image. In some cases, we may hope

that our good deeds can atone for our past bad behavior. There's also disagreement about what constitutes loving behavior. For example, firing someone can be seen as cruel or as caring. This act may appear punitive to outsiders. However, terminating an employee may be in that person's best interests. For someone who is not a good fit for an organization, being fired can open the door to a more productive career.

The ethic of care often conflicts with the ethic of justice. Take the allocation of jobs and resources, for instance. The ethic of care suggests that job openings and organizational funds should go to those closest to us—family, friends, acquaintances, coworkers. The ethic of justice holds that such determinations should be impartial, based on qualifications, not relationships (see our earlier discussion of Confucianism). Care and justice often clash in the legal system as well. Some advocate that jails should focus on rehabilitation; others argue that the prison system should focus on punishment, seeing that criminals get the treatment they deserve. Norway is one nation that takes a caring rather than a punitive approach to incarceration, housing inmates in beautiful facilities and treating them with respect. While Norwegians argue that their system reduces the number of prisoners who return to jail, many in the United States and Britain believe that Norway's compassionate prison system is unjust to the victims of crime.[53]

Ethical Checkpoint 1.1

Altruism Born of Suffering

Suffering seems an unlikely place to find altruism. After all, many victims of traumatic events (i.e., natural disasters, wars, terrorism) and personal adversity (i.e., illness, abuse, discrimination) suffer from post-traumatic stress disorder, depression, anxiety, substance abuse, and other negative symptoms. They often react with aggression and violence, inflicting suffering on others. Nonetheless, a significant number of sufferers respond with compassion instead of hate. They engage in altruism, not in spite of but *because of* these adverse experiences.

University of Massachusetts psychologists Ervin Staub and Johanna Vollhardt introduce the altruism born of suffering (ABS) concept to explain the response of victims who reach out to others in caring, helpful ways.[1] Examples of ABS include experienced female executives who were the targets of sex discrimination mentoring young female managers, children in war zones sharing toys and candies after air raids, alcoholics serving as sponsors in Alcoholics Anonymous groups, sexual abuse victims joining the mental health profession, and cancer survivors starting local chapters of the American Cancer Society.

Experiences that promote ABS include the following:

1. *Healing and psychological recovery*. Victims generally need to experience healing from the trauma before they can reach out to others. This can occur through finding

social support, learning about the causes and impact of violence, therapy, and writing about painful experiences. Targets of mistreatment are more likely to recover when perpetrators assume responsibility for their actions, acknowledging the truth of what happened and the need for justice. It is empowering for victims of mass violence like genocide to understand why offenders acted as they did. They recognize that they are not to blame for their suffering while developing a more favorable view of perpetrators.

2. *Support and guidance from others*. Victims who have loving relationships and social support are more likely to engage in ABS. Early positive experiences with family and community protect individuals from the negative impact of traumatic life events. Receiving help during and immediately after the trauma reduces insecurity and restores faith in humanity. Altruistic role models play an important role too as victims imitate their behaviors.
3. *Personal helping actions*. Those who take effective action during a flood, bombing or other major traumatic event are better equipped to help in the future. Helping others (e.g., rescuing neighbors trapped by floodwaters, treating wounded coworkers) can provide a sense of meaning and promote healing.

Experiences that promote ABS, in turn, bring about the following psychological changes that increase the motivation to help:

1. *Heightened awareness of suffering*. To help, people must recognize that others need assistance. Those who have suffered tend to be more sensitive to the suffering of others. In one study, those who experienced traumatic life events were more aware of news of a tsunami and felt more responsibility to help flood victims.

2. *Greater perspective taking, empathy, and sympathy*. Undergoing suffering can lead to a greater understanding of how other sufferers feel. In the tsunami study, trauma victims were more likely to spontaneously express empathy for those who lost their homes and lives.
3. *Perceived similarity and identification with other victims*. Those who have suffered are more like to identify with others in need. Their identification with victims can encourage them to reach beyond their immediate group, such as when Israeli victims of violence reach out to help Palestinian victims of violence.
4. *Greater responsibility for the suffering of others*. Those who feel responsibility for the welfare of others are more likely to act on their behalf. Victimization often leads to a greater feeling of responsibility to alleviate the suffering of others.

We can take steps to promote ABS in ourselves and others. We are more likely to practice altruism after the trauma if we begin to help during our victimization. We need to reach out for help and look for role models. At the same time, we can encourage our organizations to help sufferers by providing opportunities for healing, support, and guidance and by letting them know that others have undergone similar trauma.

Note

1. Staub, E., & Vollhardt, J. (2008). Altruism born of suffering: The roots of caring and helping after victimization and other trauma. *American Journal of Orthopsychiatry, 78*, 267–280.

Sources: Vollhardt, J. R. (2009). Altruism born of suffering and prosocial behavior following adverse life events: A review and conceptualization. *Social Justice Research, 22*, 53–97.

Vollhardt, J. R., & Staub, E. (2011). Inclusive altruism born of suffering: The relationship between adversity and prosocial attitudes and behavior toward disadvantaged outgroups. *American Journal of Orthopsychiatry, 81*, 307–315.

Chapter Takeaways

- Developing ethical competencies is essential to taking a practical approach to organizational ethics.
- Ethical experts know more about the ethical domain, see the world differently than novices, and have different skill sets. To become more of an ethical expert, learn in a well-structured environment, master moral theory and skills, and practice, practice, practice.
- In order to think and act ethically, expand your capacity for moral maturation (ethical thinking) and moral conation (motivation). Build your (1) cognitive decision-making competence—ability to solve moral problems; (2) affective prebehavioral disposition—motivation to follow through on choices; and (3) context management competence—managerial skill to create ethical organizational environments.
- Organizations are made up of three or more persons engaged in coordinated action in pursuit of a common purpose or goal. Ethics is concerned with the rightness or wrongness of human behavior. Organizational ethics applies moral standards to the organizational context.
- Ethical theories or perspectives are critical tools for developing competence. Each ethical perspective has its weaknesses, but each makes a valuable contribution to moral problem solving.
- Utilitarian decisions are based on their consequences. The goal is to select the alternative that achieves the greatest good for the greatest number of people.

- Kant's categorical imperative is based on the premise that decision makers should do what's morally right no matter the consequences. Moral choices flow out of a sense of duty and are those that we would want everyone to make. Always respect the worth of others when making ethical decisions.

- Justice-as-fairness theory provides a set of guidelines for resolving disputes over the distribution of resources. Ensure that everyone in your organization has certain rights, such as freedom of speech and thought; is provided with a minimum level of benefits; and has the same chance at positions and promotions. Try to make decisions without being swayed by personal or status considerations.

- Aristotelian ethics rejects rules-based approaches and urges us to develop virtues that lead to wise moral choices. You'll need to find the middle ground between extremes (not deficiency or excess) and focus your choices and actions on your ultimate purpose, which is happiness or flourishing. Live well by pursuing goods of the soul, which develop the mind and relationships, not wealth or pleasure.

- Confucianism focuses on the importance of creating healthy, trusting relationships. You can help build such connections by establishing ethical organizational practices, taking your responsibilities seriously, following the Golden Rule, demonstrating humanity toward others, and seeking the good of others over your own interests.

- Altruism seeks to benefit the other person, not the self. By making caring for others the ethical standard, you can encourage practices—empowering, mentoring, team building, organizational citizenship behavior—that build

trust, reduce pain, and increase productivity. The ethic of care rejects abstract, universal moral principles in favor of meeting the needs of specific individuals.

Application Projects

1. Outline a plan for developing your ethical competence. What skills/abilities do you want to develop? How will you incorporate the components of ethical development described in this chapter into your plan?
2. Reflect on one of your ethical decisions. Which approach(es) did you use when making your determination? Evaluate the effectiveness of the approach(es) as well as the quality of your choice. What did you learn from this experience?
3. Form a group and develop a list of behaviors that are always right and behaviors that are always wrong. Keep a record of those behaviors that were nominated but rejected by the team and why. Report your final list, as well as your rejected items, to the rest of the class. What do you conclude from this exercise?
4. Join with classmates and imagine that you are behind a veil of ignorance. What principles will you use to govern society and organizations?
5. What does happiness mean to you? How is your education helping you (or not helping you) to flourish and live well?
6. How would your organization operate differently if it were governed by the ethic of care?
7. During a week, make note of all the altruistic behavior you witness in your organization. How would you classify these behaviors? What impact do they have on your organization? How would your organization be different if people didn't engage in organizational citizenship behavior? Write up your findings.
8. Create a case study based on an individual or group you admire for its altruistic motivation. Provide background

and outline the lessons we can learn from this person or persons. As an alternative, create a case study based on an organization operating according to Confucian principles.

9. Apply all six ethical perspectives presented in the chapter to the case studies. Keep a record of your deliberations and conclusions using each one. Did you reach different solutions based on the theory you used? Were some of the perspectives more useful in this situation? Are you more confident after looking at the problem from a variety of perspectives? Write up your findings.

Case Study 1.1: Facial Recognition Technology: A Tool for Public Safety or Oppression?

In May 2019, San Francisco became the first major American city to ban the use of facial recognition technology by the police and other government agencies. In facial recognition, police officers and other law enforcement officials identify suspects by submitting facial images from photos or videos and then comparing them to pictures from driver's licenses, mug shots, jail booking records, and other government databases. As the technology continues to advance, police will soon be able to identify individuals in real time from live video footage. Facial recognition has many advantages over DNA evidence, which is costly and takes days to process. Once a facial recognition system is installed, there is little overhead, and results can be generated in minutes.

Law enforcement officials from all around the country point to cases solved through the use of facial recognition. (At last count, one in four police departments employ the software with the number expected to increase rapidly.) Police have used facial recognition to convict those committing property crimes, credit card scams, rapes, robberies, car thefts, and bank robberies. Border patrol agents use the software to identify those trying to enter the country illegally. According to a constitutional law expert at George Washington University: "It is ridiculous to deny the value of this technology in securing airports and border installations. It is hard to deny that there is a public safety value to this technology."[1]

Facial recognition opponents argue that the potential costs of the technology outweigh any public safety benefits. Civil liberties advocates cite studies demonstrating that systems produced by Amazon, IBM, and Microsoft fail to recognize dark-skinned subjects. They worry that facial recognition will lead to false arrests and convictions, particularly among people of color. Former congressional representative Elijah Cummings (D-MD) noted: "If you're black, you're more likely to be subjected to this technology, and the technology is more likely to be wrong. That's a hell of a combination."[2]

Critics point out that there is currently no oversight of how police use facial recognition technology. The American Civil Liberties Union, congressional representatives from both parties, and other groups worry that facial recognition can become a tool for oppression. They point out that China uses facial recognition to control its Uighur Muslim minority and to ensure that its citizens don't jaywalk or use too much toilet paper. China's leaders are creating a national integrated system that will use the nation's 200 million surveillance cameras to track every move of residents in public spaces. Alvaro Bedoya, the director of Georgetown University's Center on Privacy and Technology, calls facial recognition "the most pervasive and risky surveillance technology of the 21st century."[3]

While proponents and opponents reach different conclusions about whether the benefits of facial recognition outweigh the costs, there may be middle ground. Some have suggested a temporary pause in the use of the technology until it can be examined more closely. Others suggest restricting its use instead of banning it outright. For example, police could be required to get a warrant from a judge before running a facial search, just as they must get a warrant before conducting a property search.

Discussion Probes

1. Can you think of other possible benefits or costs to the use of facial recognition technology in law enforcement?
2. Do the benefits of facial recognition technology outweigh the costs?
3. What limitations, if any, should be put on the use of facial recognition technology in law enforcement?
4. Is facial recognition software a tool for public safety, for oppression, or for both?
5. Do you support San Francisco's ban on facial recognition software? Why or why not?

Notes

1. Conger, K., Fausset, R., & Kovaleski, S. F. (2019, May 14). San Francisco bans facial recognition technology. *The New York Times*.

2. Lee, J. (2017, March 24). Why facial recognition technology is so controversial. *iDropNews*.

3. Conger *et al.* (2019).

Sources: Condliffe, J. (2017, September 8). Facial recognition is getting incredibly powerful—and ever more controversial. *MIT Technology Review*.

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Schuppe, J. (2019, May 11). *How facial recognition became a routine policing tool in America*. NBC News.

Thum, R. (2019, May 9). How an American TV show captured the extent of Chinese repression. *The Washington Post*.

Case Study 1.2: Pets on Planes

The next time you fly, you may find yourself seated next to a dog, cat, rabbit, duck, or other creature. That's because more Americans are bringing animals into the passenger cabin. United Airlines reports that 200,000 animals travel on board its planes every year, and Delta Air Lines recorded a 150% increase in passenger animals in one year. Many are classified as service animals or emotional support animals (ESAs). According to the Americans with Disabilities Act, service animals are specially trained to do tasks for people with disabilities—for example, pulling a wheelchair, alerting or protecting someone who is having a seizure, or calming an individual with post-traumatic stress syndrome. They are considered working animals, not pets, and serve a function directly related to the person's disability. Federal regulations require that airlines accommodate individuals with disabilities who are accompanied by service animals.

ESAs serve as companions to individuals diagnosed with a disability like depression, anxiety, or panic disorder. Airlines can require that passengers supply written documentation that the animal provides emotional support. (Airlines may not require such proof for service animals.) Air carriers also have the right to limit the types of ESAs on board, such as snakes, reptiles, ferrets, rodents, and spiders. They also have latitude to ban animals if they would threaten health and safety of other passengers and disrupt the flight.

Complaints to the U.S. Department of Transportation have surged along with the number of traveling service animals and ESAs, up 500% over a five-year period. A series of high-profile incidents focused public attention on the controversy surrounding animals on planes. In one case, a dog mauled a

Delta passenger, resulting in 28 stitches. (Dog attacks have also been reported by other airlines.) In another case, a squirrel got loose, causing the passengers to deplane. In a third instance, a performance artist tried to board a United flight with a peacock. Many problems stem from the fact that flyers are passing off their pets as service animals or ESAs, which allows pets to fly for free and keeps them out of cargo holds and close to their owners (who often consider their pets to be family members).

Selling fake service vests and emotional support certificates is a booming online business. For $19.99, pet owners can buy official-looking service vests from Amazon. Another online site charges $99 to "certify" a pet as an ESA by answering "yes" to any one of six questions, including "I have been under high levels of stress" and "I turn to alcohol, food or drugs to comfort me in my current life circumstances." As a result, many untrained, misbehaving pets are allowed on board. One observer argues that falsifying a service animal is comparable to faking a disability to claim a good parking space: "What is the difference between 'faking' a service animal and pretending to be disabled to secure a prized parking spot reserved only for people officially designated with a disability?"[1]

Disability advocates are particularly upset with sham service animals. They resent being treated with suspicion after fighting for years for the right to travel with their trained companions. Sharon Giovinazzo, president and CEO of World Services for the Blind, calls ESAs "four-legged terrorists," reporting that her service dog was attacked by another dog that the owner falsely claimed was a support animal. Travelers with legitimate service assistants can be kept from flying because airlines can only accommodate a limited number of animals per flight.

State legislatures and the federal government are taking action to tighten animal requirements. A growing number of states make it a crime to dress a pet as a service dog or to lie to a mental health professional about the need for a service animal. The U.S. Department of Transportation is moving to ban ESAs, requiring them to be transported like any other household pet, which would mean that they would have to fit on a lap or under the seat. Only trained dogs would be considered service animals, and owners would have to certify that their dogs were in good health and well behaved.

Some private organizations have proposed creating a national registry to crack down on fake service animals and ESAs. However, a number of disability advocates worry that this might make life more difficult for those who have legitimate disabilities. According to one disability attorney: "Is it [the current honor system for service animals and ESAs] ripe for abuse? Yes. Do people abuse it? Absolutely. But anything that makes it more difficult for people with disabilities to be able to exercise their … rights is a bad idea."[2]

Discussion Probes

1. How do you feel about traveling with animals on planes? Does it depend on the type of animal?
2. What should be the penalty for bringing a sham service dog on board an airplane?
3. How do dishonest pet owners violate Kant's categorical imperative and respect for persons?
4. Do you agree that ESAs should be banned from flights and treated as pets instead? Why or why not?
5. Should the federal government or other organization establish a national registry for service animals?

Notes

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2. Etter, L. (2014, April 1). An uptick in service animals on airplanes is sparking controversy. *ABA Journal*.

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Case Study 1.3: Entering Through the Side Door: The College Admissions Bribery Scandal

The largest-ever college admissions scandal confirmed what many Americans suspected: the college entrance system is rigged to favor the wealthy. Federal prosecutors charged 50 people, including actresses Lori Loughlin and Felicity Huffman and private equity firm partner William McGlashan, in an elaborate conspiracy designed to help the children of rich parents get admitted to the University of Southern California (USC), Yale, Stanford, Wake Forest, Georgetown, and other prestigious colleges.

College preparation consultant William Singer orchestrated the bribery scheme. The system worked by falsifying test scores or by fabricating athletic prowess. Parents paid between $15,000 and $75,000 to boost ACT or SAT scores. Singer hired test takers to take the exams for some teens. He also bribed proctors to point students to the right answers or to change their incorrect answers after they completed the exams.

In addition to falsifying test scores, Singer bribed athletic coaches to secure spots for applicants who may not have even played non-revenue-producing sports. (Coaches, as well as those overseeing other extracurricular activities, have discretion to recommend students who otherwise wouldn't qualify for admission.) Lori Laughlin and her husband, fashion designer Mossimo Giannulli, pled guilty to paying $500,000 to have their two daughters designated as members of the rowing team, even though neither daughter had participated in crew. In another case, to establish that his son was a

water polo player, a father reportedly bought water polo equipment and staged pictures of his son in a pool.

Singer bragged that he used athletics to create a "side door" for his clients who couldn't qualify on their own merits or when their family couldn't afford to donate millions to build new campus buildings. "There is a front door which means you get in on your own," said Singer. "The back door is through institutional advancement, which is ten times as much money. And I've created this side door in."[1] The 33 parents charged by authorities paid Singer $25 million between 2011 and 2018. (The largest payment of $6.5 million was made by a Chinese businessman.) Bribes were often disguised as donations to Singer's nonprofit Key Worldwide Foundation, which allowed the parents to claim them as a tax deduction.

Singer pled guilty to charges of racketeering, money laundering, conspiracy to defraud, and obstruction of justice. He assisted the FBI in bringing indictments against the other defendants in the case. Coaches and athletic administrators at USC, Yale, Stanford, Georgetown, the University of Texas at Austin, and the University of California, Los Angeles were fired and face trial. For the most part, colleges will determine what punishments, if any, should be levied on the students who benefited from the scheme, though prosecutors may also charge some students. These decisions are complicated by the fact that, in some cases, the teens didn't know their scores were being altered. However, those who submitted doctored applications will find it harder to plead ignorance. So far, several students have been kicked out of school for providing false information.

More deserving applicants believe that they were denied entrance because cheaters took some slots. It's particularly galling that at least one student who benefited from the

fraud apparently isn't that interested in academics. Olivia Jade Giannulli posted a video just before entering USC on which she declared, "I do want the experience of game days and partying. I don't really care about school … as you guys all know."[2] (Giannulli quickly retracted her post but lost her job as social media spokesperson for Sephora.)

Concerns about the fairness of the admissions process extend beyond the bribery scandal. Many elite colleges reserve slots for the children of alumni ("legacies"), believing that doing so will encourage their parents to give to the school. Not only does giving preference to legacies reduce the chances that more deserving students will be admitted, but legacy families are generally white and wealthy. As a result, a fourth of the country's richest students attend a selective, elite college. At the top 38 colleges, there are more students from families in the top 1% of income than in the bottom 60%. Only 22% of students at top schools receive Pell grants, which generally go to students whose families earn less than $50,000. This compares to 38% at other schools. Then, too, the "back door" to admissions—giving to guarantee that a child will be accepted—appears similar to bribery. As one student noted, "Clearly, it is illegal to bribe school officials through faked charitable donations. However, is donating a building entirely different?"[3]

Discussion Probes

1. Do you think the college admissions system at elite schools is rigged? Is it rigged at your college or university?
2. What should happen to students admitted under the bribery scheme?
3. Should admissions standards for athletes (or for those with special talents in music, drama, or other fields) be lower?
4. Should colleges discontinue legacy admissions?
5. Is donating a building to secure admission a form of bribery? Why or why not?
6. How can the college admissions process be made fairer?

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CHAPTER 2: ETHICAL DECISION MAKING AND ACTION

Learning Objectives

- Develop strategies for increasing personal moral sensitivity.
- Define the levels of cognitive moral development.
- Identify barriers to moral judgment.
- Explain factors influencing moral motivation.
- Foster personal moral potency.
- Compare and contrast the five decision-making formats.
- Apply the five "I" format to ethical decision making.

Chapter Preview

Components of Ethical Behavior

- Component 1: Moral Sensitivity (Recognition)
- Component 2: Moral Judgment
- Component 3: Moral Motivation
- Component 4: Moral Character

Decision-Making Formats

- Aristotle's Rules of Deliberation
- The Lonergan/Baird Method
- The Moral Compass
- The Foursquare Protocol
- The Five "I" Format

Chapter Takeaways

Application Projects

Now that we've examined ethical competencies and ethical perspectives, we're ready to put them to use. This chapter focuses on both the *how* (the processes) and the *how-to* (the formats) of moral thinking and action. Our chances of coming up with a sound, well-reasoned conclusion and executing our plan are greater if we understand how ethical decisions are made and take a morally grounded, systematic approach to problem solving.

COMPONENTS OF ETHICAL BEHAVIOR

Breaking the process down into its component parts enhances understanding of ethical decision making and behavior. Moral psychologist James Rest identifies four elements of ethical action. Rest developed his four-component model by asking, "What must happen psychologically in order for moral behavior to take place?" He concluded that ethical action is the product of these psychological subprocesses: (1) moral sensitivity (recognition); (2) moral judgment or reasoning; (3) moral motivation; and (4) moral character.[1] The first half of the chapter is organized around Rest's framework. I'll describe each factor and then offer some tips for improving your performance on that element of Rest's model.

Component 1: Moral Sensitivity (Recognition)

Moral sensitivity is the recognition that an ethical problem exists. Such recognition requires us to be aware of how our behavior impacts others, to identify possible courses of action, and to determine the consequences of each potential strategy. Moral sensitivity is key to practicing individual ethics. We can't solve a moral dilemma unless we know that one is present. For that reason, raising ethical awareness is a goal of many ethics courses and programs.

Moral attentiveness plays an important role in the recognition of ethical issues. Moral attentiveness is the predisposition to note the ethical dimension of experiences and events. This trait consists of two components: (1) perceptual moral attentiveness (the tendency to notice morality in everyday life), and (2) reflective moral attentiveness (routinely considering ethics when making choices).[2] Those high in moral attentiveness are more aware of the ethical implications of specific situations, such as conflicts of interest and injustice, and are more likely to analyze them using an ethical framework. Moral attentiveness, while an individual predisposition, is subject to outside influences. Followers are more attentive when they work with ethical leaders in ethical organizations. Business students enrolled in ethics courses also demonstrate higher moral attentiveness.[3]

Noting the presence of an ethical issue is just one component of moral sensitivity. Decision makers must also identify the perspectives of those involved in the situation and come up with creative solutions through the use of *moral imagination*.[4] Unfortunately, many smart, well-meaning managers become the victims of tunnel vision. They fail to consider alternative points of view or to change their ways of thinking—their mental models. For instance, supervisors with a managerial mindset believe that they should quickly resolve any conflicts between employees. They don't recognize that employees can be involved in resolving such disputes. Leaders with a managerial mindset can trample the rights of workers, preventing them from receiving a fair hearing. Instead of suppressing conflict, managers should determine if conflict is a sign that organizational systems (rewards, procedures, structures) should be changed.[5]

To exercise moral imagination, managers and employees step outside their current frame of reference (disengage themselves) to assess a situation and evaluate options. They then generate unconventional alternatives. New York City mayor Michael Bloomberg developed one such creative solution during the 2004 Republican National Convention. Instead of increasing police presence to deal with protestors (the typical response), the mayor offered these visitors discounts to hotels, museums, and restaurants.[6]

A number of researchers believe that elements of the ethical issue itself are key to whether or not we recognize its existence. They argue that problems or dilemmas differ in their degrees of *moral intensity*. The greater an issue's moral intensity, the more likely we are to notice it. The components of moral intensity include the following six elements.[7] After reading the descriptions of these dimensions, use them to determine the moral intensity of the scenarios in Self-Assessment 2.1.

1. *Magnitude of consequences*. The moral intensity of an issue is directly tied to the number of harms or benefits it generates. Moral dilemmas attract more attention when they have significant consequences. For example, denying applicants a job because of their race raises significant ethical concerns; rescheduling employees' vacation dates does not. A massive oil spill generates stronger condemnation than a minor one.
2. *Social consensus*. Moral issues are more intense if there is widespread agreement that they are bad (or good). Societal norms, laws, professional standards, and corporate regulations all signal that there is social consensus on a particular issue.
3. *Probability of effect*. Probability of effect is "a joint function of the probability that the act in question will actually take place and the act in question will actually cause the harm (benefit) predicted."[8] For instance, selling a gun to a gang member has a much greater likelihood of causing harm than does selling a gun to a law-abiding citizen.
4. *Temporal immediacy*. Issues are more intense if they are likely to generate harm or good sooner rather than later. That helps explain why proposals to immediately reduce Social Security benefits attract more attention than proposals to gradually reduce them over a long period of time.

5. *Proximity*. Proximity refers to social, cultural, psychological, or physical distance. We tend to care more about issues involving people who are close to us in terms of race, nationality, age, and other factors; we care less about issues involving people who are significantly different from us or significantly distant from us.
6. *Concentration of effect*. Causing intense suffering violates our sense of justice and increases moral intensity. Thus, we are more likely to take note of policies that do severe damage to a few individuals than to take note of those that have minor consequences for large groups of people. For example, cutting the salaries of 10 people by $20,000 each is seen as more problematic than reducing the salaries of 4,000 employees by $50 each.

Moral intensity has been correlated not only with moral sensitivity but also with the other components of Rest's model—moral judgment, moral motivation, and moral behavior.[9] In addition to recognizing morally intense issues, decision makers respond more quickly and appropriately. Those faced with intense issues are also more motivated to follow through on their choices. However, investigators are still trying to determine if some components of moral intensity are more critical to problem recognition and resolution (it may depend on the particular issue). At this point, magnitude of consequences and social consensus appear to have the strongest relationship to moral sensitivity. Individuals are most likely to notice ethical dilemmas if they generate significant harm and if there is widespread agreement that these issues have a moral dimension.

Tips for Enhancing Your Ethical Sensitivity

Engage in active listening and role playing. The best way to learn about the potential ethical consequences of choices, as well as the likely response of others, is through listening closely to what others have to say. (See Chapter 4 for a closer look at the process of effective listening.) Role play can also foster understanding. Taking the part of another individual or group can provide you with important insight into how the other party is likely to react.

Boost your moral attentiveness. Seek out leaders who model and promote ethical behavior. Join organizations that make ethics a priority. Take ethics coursework.

Speak up. Don't hesitate to discuss problems and your decisions in ethical terms and encourage others to do the same. Describing a situation using moral terms like *values*, *justice*, *immoral*, *character*, *right*, and *wrong* encourages listeners to frame an event as an ethical problem and to engage in moral reasoning.

Challenge mental models or schemas. Recognize the dangers of your current mental models and try to visualize other perspectives. Distance yourself from a situation to determine if it indeed does have moral implications. Remember that you have ethical duties that extend beyond your group or organization.

Be creative. Look for innovative ways to define and respond to ethical dilemmas; visualize creative opportunities and solutions.

Crank up the moral intensity. Frame issues to increase their intensity and thus improve problem recognition. In particular, emphasize the size of the problem—how many people are affected, how much the company or environment will be damaged. Point out how even small acts like petty theft can have serious consequences. Also, highlight the fact that there is consensus about whether a course of action is wrong (illegal, against professional standards, opposed by coworkers) or right. As a group, develop shared understanding about the key ethical issues facing your organization.

Self-Assessment 2.1: Moral Intensity Scenarios

Instructions

Read Scenarios 1–4. Then rate the action in each scenario on the following items, 1–7, using a scale from 1 (*completely disagree*) to 9 (*completely agree*).

1. The situation involves an ethical problem.
2. The overall harm (if any) done as a result of the action will be very small.
3. Most people would agree that the action is wrong.
4. There is a very small likelihood that the action will cause any harm.
5. The action will not cause any harm in an immediate future.
6. If the actor is a personal friend of the victim, the action is wrong.
7. The action will harm very few people (if any).

Scenario 1: Misleading the Appraiser

An automobile salesman is told by a customer that a serious engine problem exists with a trade-in. However, because of his desire to make the sale, he does not inform the used car appraiser at the dealership, and the problem is not identified.

Action. The salesman closes the deal that includes the trade-in.

Scenario 2: Overeager Salesperson

A young woman, recently hired as a salesperson for a local retail store, has been working very hard to favorably impress her boss with her selling ability. At times, this young woman, anxious for an order, has been a little overeager. To get the order, she exaggerates the value of an item or withholds relevant information concerning the product she is trying to sell. No fraud or deceit is intended by her actions; she is simply overeager.

Action. The owner of the retail store is aware of this salesperson's actions but has done nothing to stop such practice.

Scenario 3: Withheld Information

Sets of a well-known brand of "good" china dinnerware are advertised on sale at a considerable discount by a local retailer. Several patterns of a typical 45-piece service for eight are listed. The customer may also buy any "odd" pieces that are available in stock (a butter dish, a gravy bowl, etc.). The ad does not indicate, however, that these patterns have been discontinued by the manufacturer.

Action. The retailer offers this information only if the customer directly asks if the merchandise is discontinued.

Scenario 4: Failure to Honor a Warranty

A person bought a new car from a franchised automobile dealership in the local area. A year after the car was purchased, she began having problems with the transmission. She took the car back to the dealer, and some minor adjustments were made. During the next two years, she continually had a similar problem with the transmission skipping. Each time the dealer made only minor adjustments. At the end of three years, the woman returned to the dealer because the transmission was still not functioning properly. At this time, the transmission was completely overhauled.

Action: Since the warranty was only for three years from the date of purchase, the dealer charged the full price for parts and labor.

Scoring

Reverse your scores on items, 2, 4, 5, and 7 for each scenario and generate a total score for each scenario. The higher the score, the greater the intensity of that scenario.

Items measure the following dimensions of moral intensity:

Item 1: Ethical perception

Item 2: Magnitude of consequences

Item 3: Social consensus

Item 4: Probability of effect

Item 5: Temporal immediacy

Item 6: Proximity

Item 7: Concentration of effect

Members of the American Marketing Association believed that all four vignettes involve ethical problems. They rated Scenarios 1 and 4 as the most morally intense.

Every dimension of moral intensity was correlated with the perception that the scenarios had ethical implications.

Source: Reidenbach, R. E., Robin, D. P., & Dawson, L. (1991). An Application and Extension of a Multidimensional Ethics Scale to Selected Marketing Practices and Marketing Groups. *Journal of the Academy of Marketing Science, 19*(2), 83–92. https://doi.org/10.1177/009207039101900202

Component 2: Moral Judgment

After determining that there is an ethical problem, decision makers then choose among the courses of action identified in Component 1. They make judgments about the right or wrong thing to do in this specific context.

Moral judgment has been studied more than any other element of the Rest model. There is far too much information to summarize it here. Instead, I'll focus on three topics that are particularly important to understanding how problem solvers determine whether a solution is right or wrong: cognitive moral development, destructive motivations, and cognitive biases. (Turn to Contemporary Issues in Organizational Ethics 2.1 for a closer look at the role that emotions play in moral decision making.)

Cognitive Moral Development

Before his death, Harvard psychologist Lawrence Kohlberg was the leading champion of the idea that individuals progress through a series of moral stages just as they do physical ones.[10] Each stage is more advanced than the one before. As individuals develop, their reasoning becomes more sophisticated. They become less self-centered and develop broader definitions of morality.

Preconventional thinking is the most primitive level and is common among children as well as those suffering from damage to emotional regions of the brain. Individuals at Level I decide on the basis of direct consequences. In the first stage, they obey to avoid punishment. In the second, they follow the rules in order to meet their own interests. Stage 2 thinkers believe that justice is giving a fair deal to others: You help me and I'll help you.

Conventional (Level II) thinkers look to other people for guidance for their actions. They strive to live up to the expectations of family members and significant others (Stage 3) or recognize the importance of going along with the laws of society (Stage 4). Kohlberg found that most adults fall into Stages 3 and 4, which suggests that the typical organizational member

looks to work rules, leaders, and the situation to determine right from wrong.

Postconventional or principled (Level III) thinking is the most advanced type of reasoning and relies on universal values and principles. Stage 5 individuals are guided by utilitarian principles, seeking to do the greatest good for the greatest number. They recognize that there are a number of value systems within a democratic society and that regulations may have to be broken to serve higher moral purposes. Stage 6 thinkers operate according to internalized, universal ethical principles like the categorical imperative or justice as fairness. These principles apply in every situation and take precedence over the laws of any particular society. According to Kohlberg, only about 20% of Americans can be classified as Stage 5 postconventional moral thinkers. Very few individuals ever reach Stage 6.

Kohlberg's model has drawn heavy criticism from philosophers and psychologists alike.[11] Some philosophers complain that it draws too heavily from Rawls's theory of justice and makes deontological ethics superior to other ethical perspectives. They note that the theory applies more to societal issues than to individual ethical decisions. A number of psychologists have challenged the notion that people go through a rigid or "hard" series of moral stages. They argue instead that individuals can engage in many ways of thinking about a problem, regardless of their age.

Rest (who was a student of Kohlberg's) responded to these criticisms by replacing the hard stages with a staircase of developmental schemas. *Schemas* are general structures or patterns in our memories. We use these patterns or structures when we encounter new situations or information. When you enrolled in college, for example, you probably relied on high school experiences to determine how to act in the university classroom. Rest and his colleagues contend that decision makers shift upward, adopting more sophisticated moral schemas as they develop. Rest's group identified three levels of moral schemas. The least sophisticated schema is based on *personal interest*. Individuals reasoning at this level are only concerned with what they will gain or lose in an ethical dilemma. They give no thought to the needs of broader society.

Those who reason at the next level, the *maintaining norms* schema, believe they have a moral obligation to preserve social order. They focus on

following rules and laws and making sure that regulations apply to everyone. These thinkers are committed to a clear hierarchy with carefully defined roles (e.g., teachers and students, bosses and subordinates, officers and enlisted personnel). The *postconventional schema* is the highest level of moral reasoning.[12] Postconventional individuals reason like moral philosophers, looking behind societal rules to determine if they serve moral purposes. Moral obligations are open to scrutiny (testing and experimentation). Thinking at this level is not limited to one ethical approach, as Kohlberg argued, but encompasses a variety of philosophical traditions. Postconventional thinkers appeal to a shared vision of an ideal society. Such a society seeks the greatest good for the entire community, not just some people at the expense of others, and ensures rights and protections for everyone.

Rest developed the Defining Issues Test (DIT) to measure moral development. Subjects taking the DIT respond to six scenarios and then choose statements that best reflect how they went about making their choices. The statements—which correspond to the levels of moral development—are then scored. In the best-known dilemma, Heinz's wife is dying of cancer and needs a drug Heinz cannot afford to buy. He must decide whether or not to steal the drug to save her life.

Hundreds of studies have been conducted using the DIT and its successor, the DIT2.[13] Among the findings:

- Moral reasoning ability generally increases with age.
- The total college experience, both inside and outside the classroom, increases moral judgment.
- Those who love learning, taking risks, and meeting challenges generally experience the greatest moral growth while in college.
- Ethics coursework boosts the positive effects of the college experience, increasing moral judgment still further.
- Older students—those in graduate and professional school—gain a great deal from moral education programs.

- When education stops, moral development plateaus.
- Moral development is a universal concept, crossing cultural boundaries.
- Principled leaders can improve the moral judgment of the group as a whole, encouraging members to adopt more sophisticated ethical schemas.

Destructive Motivations

No discussion of moral judgment is complete without consideration of why this process so often breaks down. Time after time, very bright people make very stupid decisions. Canadian prime minister Justin Trudeau illustrates this sad reality. Trudeau, who urged Canadians to embrace diversity, apparently thought that he could hide the fact that he appeared in blackface on three separate occasions. He was wrong. The pictures surfaced in the middle of a hotly contested reelection bid. Trudeau repeatedly apologized for his racial insensitivity and nearly lost the election. His reputation may never recover.

The moral stupidity of otherwise intelligent people can be explained in part by the power of their destructive motivations. Three motivating factors are particularly damaging: insecurities, greed, and ego.

1. *Insecurities.* Low self-esteem and inner doubts can drive individuals to use others to meet their own needs, and insecure people fall into the trap of tying their identities to their roles. Those plagued by self-doubt are blind to larger ethical considerations, and, at the same time, they are tempted to succeed at any cost.
2. *Greed.* Greed is more likely than ever to undermine ethical thinking because we live in a winner-take-all society.[14] The market economy benefits the few at the expense of the many. Consider the inequity of the salary structure at most large firms. CEO pay has skyrocketed, up nearly 1,000% over the past 35 years.[15] At the same time, average employee wages have stagnated. (We'll take a closer look at the shadow cast by leader privilege in Chapter 7.) A winner-take-all culture encourages widespread cheating because the payoff is so high. In addition, losers justify their dishonesty by pointing to the injustice of

the system and to the fact that they deserve a larger share of the benefits. When greed takes over, altruism disappears, along with any consideration of serving the greater good.

3. *Ego.* Even the most humble of us tend to greatly overestimate our abilities (more on this shortly).[16] Unless we are careful, we can become overconfident, ignore the risks and consequences of our choices, take too much credit when things go well and too little blame when they don't, and demand more than our fair share of organizational resources. Inflated egos become a bigger problem at higher levels of the organizational hierarchy. Top managers are often cut off from customers and employees. Unlike the rest of us, they don't have to wait in line for products or services or for a ride to work. Subordinates tell them what they want to hear and stroke their egos. All these factors make it easier for executives to excuse their unethical behavior—outrageous pay packages, diversion of company funds to private use—on the grounds that they are vital to the organization's success. (Case Study 2.1 describes a world-class leader who fell victim to greed and pride.)

The formidable forces of insecurity, greed, and ego become even more powerful when managers and subordinates adopt a short-term orientation. Modern workers are under constant time pressures as organizations cut staffing levels while demanding higher performance in the form of shorter product development cycles, better customer service, and greater returns on investment. Employees are sorely tempted to do what is expedient instead of what is ethical. As ethics expert Laura Nash puts it, "Short-term pressures can silence moral reasoning by simply giving it no space. The tighter a manager's agenda is, the less time for contemplating complex, time-consuming, unpragmatic issues like ethics."[17] Stress also generates unpleasant feelings, focusing managers solely on their own needs. They then adopt a lower level of moral reasoning. The conventional thinker, for example, might revert to preconventional reasoning.[18]

Time-pressed supervisors lose sight of the overall purpose of the organization and fail to analyze past conduct. They don't stop to reflect on their choices when things are going well. Overconfident, rushed decision makers are only too willing to move on to the next problem. Eventually, they begin to make mistakes that catch up with them. In addition, short-

term thinkers begin to look for immediate gratification, which feeds their greedy impulses.

The damage caused by rushing to judgment can be seen in the results of a study by Ohio State professor Paul Nutt.[19] Professor Nutt examined 400 poor organizational decisions over a period of 20 years, including Ford's failure to recall the Pinto and NASA's decision to launch the *Challenger* space shuttle. Adopting a short-term perspective helps to account for many of the decision-making blunders he uncovered. Nearsighted decision makers (1) overlooked important ethical questions, (2) came to premature conclusions, (3) failed to consult with important stakeholders, (4) lacked a clear direction, (5) limited their search for information, (6) demonstrated little creativity, and (7) learned little from either their successes or their failures.

Contemporary Issues in Organizational Ethics 2.1: Reason vs. Intuition

There's been a seismic shift in how scholars understand the process of ethical decision making. In the past, philosophers, moral psychologists, ethicists, and ethics educators assumed that individuals consciously use logic and reason to solve ethical problems through careful deliberation. Researchers largely ignored emotions or viewed them with suspicion because feelings could undermine moral reasoning and action. Now, however, a growing number of investigators in a variety of fields argue that emotions are central to ethical decision making. For instance, neuroscientists highlight the important role that emotional regions of the brain play in ethical thinking. Some employ the medical case study method to demonstrate how brain deficits undermine moral reasoning. These researchers study individuals with brain damage who engage in antisocial and unethical behavior as a result of their injuries. Patients who suffer damage to the regions of the brain that govern emotion engage in antisocial and unethical behavior as a result of their injuries. For example, "Elliott," who had a brain tumor, scored above average on intelligence tests but reported no emotional responses to pictures of gory accidents—though he knows he used to have strong emotional reactions to similar events. He lost his job, put all of his money in a bad business investment, and was divorced twice. Through it all he remained calm. Those studying Elliott concluded that he failed not because he couldn't reason but because he couldn't integrate emotions into his judgments. He could know but not feel.

Another group of neuroscientists uses neuroimaging to determine which areas of the brain are activated when we are confronted with moral issues. Researchers place study participants in magnetic resonance imaging (MRI) machines and present them with ethical dilemmas. Active brain cells (which require more oxygen than inactive ones) "light up," indicating which parts of the brain are functioning when volunteers respond to moral problems.

Neuroimaging studies reveal that ethical decision making is not localized in one area of the brain but involves several different locations. Both cognitive and emotional areas of the brain are activated.

While neuroscientists believe that we can't make wise choices unless we engage our feelings, some psychologists go a step further. They claim that emotion, not logic, plays the dominant role in moral reasoning. Jonathan Haidt is a leading proponent of the affective approach to ethical decision making. He argues that we quickly make ethical determinations and then use logic after the fact to justify our choices. Haidt points to *moral dumbfounding* as evidence that moral decision making is the product of intuition, not deliberation. In moral dumbfounding, people have strong opinions about right and wrong but can't explain why they feel as they do. For example, when surveyed, most Americans are disgusted with the idea of having sex with a sibling, even if there is no danger of pregnancy or sexually transmitted disease. They know that this behavior is wrong but are at a loss to explain why they feel this way.

Haidt contends that automatic processes are the elephant and cognition is the rider. The elephant is more powerful and generally goes wherever it wants to go, but the rider can occasionally steer the beast in a different direction. Our instantaneous, affective intuitions about right and wrong are the products of our cultural backgrounds and other social forces. For instance, Americans typically reject the idea of eating the family dog. But, in other cultures, which don't treat pets as family members, respondents would approve of eating a dog for dinner. Haidt doesn't completely eliminate reason from his model. Other people may challenge our intuitions, introducing new information and arguments that lead us to change our initial positions. Or we may modify our attitudes after reflecting on them.

While investigation into the relative importance of logic and emotion continues, a number of experts advocate a dual-process approach. The dual-process or integrative approach is based on the premise that both logic and emotions are important to making good

decisions. However, the relative importance of each apparently varies with the type of moral dilemma. Emotions or intuitions are dominant in situations involving life and death, bodily/personal harm, and deeply held beliefs like "incest is always wrong" or "do not play God by cloning humans." We respond immediately and automatically in these dilemmas. Cognition is more important when situations call for balancing competing claims and values or demand abstract reasoning, such as deciding whether it is ethical for your firm to download pirated software.

Source: Boksem & de Cremer (2009); Dedeke (2015); Greene (2005); Haidt (2001, 2012); Lapsley & Hill (2008); Monin, Pizarro, & Beer (2007a, 2007b); Prehn & Heekeren (2009); S. J. Reynolds (2006a); Salvador & Folger (2009).

Cognitive Biases

Harvard professor Max Bazerman and his colleagues believe that unethical choices are more often the product of perceptual and cognitive biases than of unhealthy motivations. These unconscious distortions cause us to participate in or approve of "ordinary unethical behaviors" that we would normally condemn.[20] Examples of common biases include the following:

1. *Overestimating our ethicality*. When it comes to ethics, the majority of us have a "holier than thou" attitude.[21] We believe that we are more caring, loyal, fair, and kind than the typical person and are quick to condemn others for their moral failings. In addition, we predict that we will behave more ethically in the future than we actually do and believe that we have behaved more ethically in the past than we actually have.
2. *Forgiving our own unethical behavior*. We want to be moral and to behave ethically. So, when we behave in an unethical fashion, we feel a sense of psychological tension called *cognitive dissonance* because our actions and self-images don't match. To relieve this distress, we either change our behavior or use a variety of tactics to excuse what we've done. One minimizing strategy is *moral disengagement.* In moral

disengagement, organizational members convince themselves that their questionable behavior was really morally permissible because (1) it served a worthy purpose, (2) it was driven by outside forces ("My boss told me I had to do it"), (3) it did not have any damaging consequences, or (4) the victims had it coming (dehumanizing them).[22] Another strategy is *motivated forgetting*. We have selective recall, remembering events in a way that supports our decisions. In particular, we forget that we have violated moral rules. Permissive work environments—those that excuse immoral behavior—encourage moral disengagement and moral forgetting. However, reminding employees that ethical choices are important reduces the use of both tactics.[23]

3. *Overlooking other people's unethical behavior*. As noted earlier, we generally judge others more harshly than ourselves. But not always. There are times when we excuse others' unethical behavior.[24] We are tempted to forgive the ethical shortcomings of others when we benefit from their choices. Board members handpicked by the CEO are less likely to object to the CEO's decision to divert company funds for personal use. By the same token, we excuse the unsavory recruiting methods of the coach of our favorite basketball team if it has a winning record. Observers are less likely to hold people and organizations accountable if they delegate unethical behavior, as in the case of a manager who avoids blame by assigning a project and then declaring that employees should complete it "by any means possible." Merck used an indirect approach to shift blame when it sold the cancer drug Mustargen to another pharmaceutical company. The smaller firm raised the price of the medication tenfold. While Merck kept manufacturing the product, it deflected public criticism toward the other firm. Gradual changes also encourage observers to ignore unethical behavior. We are less likely to notice declines in moral standards if they occur slowly over time; this is referred to as the *slippery slope*. Overlooking minor infractions like taking change from the cash register can lead to ignoring more serious offenses like stealing equipment.
4. *Implicit prejudice*. Implicit prejudice is different from conscious forms of prejudice like racism and sexism. This type of bias comes from our tendency to associate things that generally go together, like gray hair and old age or pickup trucks and blue-collar workers.[25] These

associations are not always accurate (some young people go gray, and some blue-collar workers drive luxury cars). When it comes to personnel decisions, false associations discriminate against marginalized groups. For instance, those who hold unconscious gender stereotypes are less likely to hire women who demonstrate stereotypically "masculine" traits like independence or ambition for jobs requiring interpersonal skills and other stereotypically "feminine" qualities.

5. *Favoring members of our own group.* It's only natural to do favors for people we know who generally come from the same nationality, social class, religion, neighborhood, or alma mater as we do. We may ask the chair of the business department to meet with the daughter of a neighbor or recommend a fraternity brother for a job. Trouble is, when those in power give resources to members of their in-groups, they discriminate against those who are different from them.[26] A number of universities reserve admissions slots for the sons and daughters of alumni, for instance. (See Case Study 1.3.) Since Caucasians make up the vast majority of college graduates at most schools, white applicants may be selected over more qualified minority students who are not the children of graduates.
6. *Judging based on outcomes rather than on decision-making processes*. Employees are typically evaluated based on results, not on the quality of the decisions they make.[27] We determine that a choice is good if it turns out well and bad if it generates negative consequences. However, just because a poorly made decision had a desirable outcome in one case doesn't mean that a similar decision won't turn out badly in the future. In fact, poor decision-making processes eventually produce bad (ineffective, unethical) results. Take the case of the university that depended on the recommendations of a popular administrator when hiring new staff. Relying totally on his advice—which circumvented the usual hiring process involving group input—led to several successful searches. However, the process broke down when the administrator recommended a candidate who was under indictment for embezzling hundreds of thousands of dollars from a local business. An embarrassed university quickly fired the new hire.

Tips for Improving Your Moral Judgment

Stay in school. The general college experience (including extracurricular activities) contributes greatly to moral development. However, you'll gain more if you have the right attitude. Focus on learning, not grades; be ready to take on new challenges.

Be intentional. While the general college experience contributes to moral development, focused attention on ethics also helps. Take ethics courses and units, discuss ethical issues in a group, and reflect on the ethical challenges you experience in internships.

Reject ethical pessimism. Ethical values and thought patterns are not set in childhood, as pessimists claim, but continue to grow and develop through college and graduate school and beyond.

Take a broader view. Try to consider the needs and positions of others outside your immediate group; determine what is good for the community as a whole.

Look to underlying moral principles. Since the best ethical thinkers base their choices on widely accepted ethical guidelines, do the same. Draw upon important ethical approaches such as utilitarianism, the categorical imperative, and justice as fairness for guidance.

Acknowledge your dark side. Before coming to a conclusion, try to determine if your decision is shaped by feelings of self-doubt and self-interest or your need to feed your ego. If so, then reconsider.

Step outside yourself. We can't help but see the world through our own selfish biases. However, we have a responsibility to check our perceptions against reality. Consult with others before making a choice, consider the likely perspective of other parties (refer back to our earlier discussion of role taking), and double-check your assumptions and information.

Keep your ego in check. Stay close to those who will tell you the truth and hold you accountable. At the same time, don't punish those who point out your deficiencies.

Take a long-term perspective. In an emergency (when lives are immediately at stake, for example), you may be forced to make a quick decision. In all other situations, provide space for ethical reflection and deliberation. Resist the temptation to grab on to the first solution. Take time to reduce your level of stress, consult with others, gather the necessary data, probe for underlying causes, and set a clear direction. Adopting a long-term perspective also means putting future benefits above immediate needs. In most cases, the organization and its clients and consumers are better served by emphasizing enduring relationships. You may make an immediate profit by selling low-quality products, but customers will be hurt and refuse to buy again, lowering corporate performance.

Apply rational remedies to overcome your cognitive biases. Use the conscious strategies outlined as follows to avoid the traps posed by your unconscious biases.

- Don’t overestimate your ethical abilities.
- Prepare ahead of time (imagine how you will respond to questions, for example) so that you don’t engage in unethical behavior under pressure.
- Publicly commit to an ethical course of action, or make such a commitment to someone who is important to you. (This increases the likelihood that you will follow through on your choices.)
- Recognize and resist your tendency to excuse your immoral actions.
- Create organizational climates that punish unethical behavior.
- Remind yourself and others of the importance of acting ethically (e.g., have students sign honor codes; post regulations and corporate values statements).

- Don’t be lenient toward others because you are benefiting from their unethical behavior.
- Don’t try to shift blame by delegating to others or excuse groups and individuals that take this approach.
- Don’t ignore even minor ethical infractions, which can lead to much more serious transgressions.
- Put yourself in environments that challenge your implicit biases or stereotypes.
- Audit your organization to determine if it is trapped by in-group biases; eliminate initiatives that perpetuate the tendency to admit, hire, and promote those of similar backgrounds, like rewards for employees who recommend people they know for jobs at the organization.
- Generate more equitable choices by pretending that you don’t know what group you belong to when making decisions and by imagining how a policy change will impact different groups.
- Evaluate the quality of the decision-making process, not the outcome; don’t condemn those who make good-quality decisions only to see them turn out badly.

Component 3: Moral Motivation

After reaching a conclusion about the best course of action, decision makers must be motivated to follow through on their choices. Moral values often conflict with other important values like job security, career advancement, social acceptance, and wealth. Ethical behavior will result only if moral considerations take precedence over competing priorities.

Moral hypocrisy demonstrates how competing values can overcome our commitment to doing the right thing. In moral hypocrisy, individuals and groups want to appear moral but don't want to pay the price for actually behaving morally.[28] Self-interest overwhelms their self-integrity. For example, participants in experimental settings say that dividing pleasant tasks or lottery tickets equally with a partner is the moral course of action. However, when they believe that their partners will never find out, subjects assign themselves the majority of pleasant tasks and tickets, in violation of their moral standard. The same pattern is repeated in real-life settings. Sellers often use privileged information to take advantage of purchasers. They might hide the fact that the house they are selling floods in heavy rains or sits in the path of a proposed highway. Companies may use public relations campaigns and marketing to maintain their ethical reputations while continuing to engage in unethical activities. Tobacco giant Philip Morris provides one example of corporate moral hypocrisy in action. The firm spent much more money publicizing its charitable contributions ($108 million) than it did on the charitable contributions themselves ($60 million).

People are more likely to engage in moral hypocrisy when there is a high cost for behaving ethically, when they can disguise their actions, when they are in a powerful position, and when they can easily justify their inconsistent behavior by claiming that they are acting out of self-defense or are serving the greater good.

Three factors—rewards, emotions, and duty orientation—play an important role in ethical follow-through. It is easier to give priority to ethical values when rewarded for doing so. Conversely, moral motivation drops when the reward system honors inappropriate behavior.[29] Individuals are much more likely to act ethically when they are evaluated on how well they adhere to important values and when they receive raises, bonuses, promotions, and

public recognition for doing so. On the other hand, they are motivated to lie, steal, act abusively, take bribes, and cheat when offenders prosper. Before the housing crisis that led to a global recession in 2008, far too many lending officers at mortgage companies generated large commissions by lying to borrowers. They misled homeowners about the terms of their loans and steered them into loan products they couldn't afford. (Reward and performance evaluation systems will be discussed in more detail in Chapter 9.)

Moral emotions are another significant influence on motivation. Moral emotions are the product of living in human society (they are social in nature) and are elicited by the violation of moral standards.[30] They are focused on the needs of others, not the self. Moral feelings encourage us to take action that benefits other people and the good of the community. Sympathy, empathy, and compassion are prosocial or *other-suffering* emotions . They are elicited when we perceive suffering or sorrow in our fellow human beings. Such feelings encourage us to comfort, help, and alleviate the pain of others. We might call our congressional representative to protest cuts in the federal food stamp program or send money to a humanitarian organization working with displaced persons. Humans are also sensitive to the suffering of other creatures, leading to efforts to prevent cruelty to animals and to care for abandoned pets.[31]

Shame, embarrassment, and guilt are self-blame or *self-conscious* emotions that encourage us to obey the rules and uphold the social order. These feelings are triggered when we violate norms and social conventions, present the wrong image to others, cause harm, fail to live up to moral guidelines, or receive unfair benefits. Shame and embarrassment can keep us from engaging in further damaging behavior and may drive us to withdraw from social contact. Guilt generally motivates us to action—to repair the wrongs we have done, to address inequalities, and to treat others well.

Anger, disgust, and contempt are other-blaming or *other-condemning* emotions. They are elicited by unfairness, betrayal, immorality, cruelty, poor performance, and status differences. Anger can motivate us to redress injustices like racism, oppression, and poverty. Disgust encourages us to set up rewards and punishments to deter inappropriate behaviors like betrayal

and hypocrisy. Contempt generally causes us to step back from others who, for instance, are disrespectful or irresponsible.

Gratitude, awe, and elevation (see Ethical Checkpoint 2.1) are *other-praising* emotions that are prompted by the good actions of other people. For example, someone may act on our behalf, we may run across moral beauty (e.g., acts of charity, loyalty, and self-sacrifice), or we may hear about moral exemplars. Gratitude motivates us to repay others; awe and elevation encourage us to become better persons and to take steps to help others.

Duty orientation is one other factor linked to moral motivation.[32] Duty drives some individuals to make and act on ethical decisions based on their loyalty to the group. To fulfill their obligations, they are willing to give up some of their free choice and to make sacrifices. Duty orientation, in turn, is made up of three dimensions: (1) duty to members, (2) duty to mission, and (3) duty to codes.

Duty to members involves supporting and serving others in the group, even at a cost to the self. Members of combat units are often highly motivated by their loyalty to their fellow soldiers. They are willing to risk their own lives to ensure the safety of other team members. Duty to mission is support of the group's purpose and work, going beyond minimum requirements to ensure that the team or organization succeeds (e.g., coming in to work on weekends or learning a new computer program so the team can complete a project). Duty to codes involves adherence to group codes and norms. Formal codes of ethics (see Chapter 9) lay out rules for behavior both inside and outside the organization ("treat other employees with respect"; "avoid gossiping about the competition"). Norms are the unwritten guidelines for behavior (e.g., "everyone pitches in to complete the project"; "don't be afraid to ask for help"; "share the credit for success"). Shame comes from violating either formal codes or informal norms. Those with a strong duty orientation believe they have a responsibility to speak up when they have suggestions or concerns that will benefit the organization even if they may be punished for doing so. They are also committed to self-improvement, seeking out performance feedback in order to become a better contributor to the group.[33] (Complete Self-Assessment 2.2 to measure your duty orientation.)

Self-Assessment 2.2: Duty Orientation Scale

Instructions

Think about yourself as a member of a group that is important to you. Rate your level of agreement with each item as it pertains to you as a member.

My actions demonstrate that I …

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. Put the interests of my team ahead of my personal interests.	1	2	3	4	5
2. Do all that I can to support the organization.	1	2	3	4	5
3. Am faithful to my team members.	1	2	3	4	5
4. Am loyal to my leaders and team.	1	2	3	4	5

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
5. Accept personal risk or loss in support of the mission/organizational goals.	1	2	3	4	5
6. Make personal sacrifices to serve the mission/organizational goals.	1	2	3	4	5
7. Do whatever it takes to not let the mission/organization fail.	1	2	3	4	5
8. Get the job done under the toughest conditions.	1	2	3	4	5
9. Do what is right always.	1	2	3	4	5
10. Demonstrate personal integrity when challenged.	1	2	3	4	5

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
11. Will not accept dishonor.	1	2	3	4	5
12. Set the example for honorable behavior for others.	1	2	3	4	5

Scoring

Items 1–4 measure duty to members, items 5–8 measure duty to mission, and items 9–12 measure duty to codes. Scores for each dimension range from 4 to 20. Total scores can range from 12 to 60. The higher your score, the greater your sense of duty or obligation to the group or organization.

Source: Hannah, S. T., Jennings, P. L., Bluhm, D., Chunyan Peng, A., & Scaubroeck J. J. (2014). Duty orientation: Theoretical development and preliminary construct testing. *Organizational Behavior and Human Decision Processes, 123*, 220-238. p. 227. Used by permission.

Tips for Increasing Your Moral Motivation

Put moral integrity above moral hypocrisy. Reduce the cost of ethical behavior (reward whistle-blowers instead of punishing them, for example). Put principle above self-interest. Promote transparency, which makes it harder to hide choices; for instance, make sure that both buyers and sellers, employees and management, have access to the same data. Reject the tendency to justify your unethical behavior by identifying the costs of your immoral choices. And take a hard look at yourself and your motivations, making sure that you are driven by your moral standards and not solely by the desire to look good.

Seek out ethically rewarding environments. When selecting a job or a volunteer position, consider the reward system before joining the group. Does the organization evaluate, monitor, and reward ethical behavior? Are rewards misplaced? Are organizational leaders concerned about how goals are achieved?

Reward yourself. Sometimes ethical behavior is its own best reward. Helping others can be extremely fulfilling, as is living up to the image we have of ourselves as individuals of integrity. Congratulate yourself on following through even if others do not.

Harness the power of moral emotions. Moral emotions can be powerful motivators, pushing you to act on your ethical decisions. Recognize their power and channel them toward worthy goals like helping others and serving the common good.

Do your duty (and help others do their duties). Recognize your responsibility to your colleagues, to group norms, and to the mission of the organization. Put the needs of others and the organization above selfish concerns. Commit yourself to self-improvement to better your performance and that of your group.

Component 4: Moral Character

Carrying out the fourth and final stage of moral action—executing the plan—requires character. Moral agents must overcome active opposition, cope with fatigue, resist distractions, and develop sophisticated strategies for reaching their goals. In sum, they must persist in a moral task or action despite obstacles.

Persistence can be nurtured like other positive character traits (we'll take an in-depth look at character development in Chapter 3), but it is also related to individual differences. Those with a strong will, as well as confidence in themselves and their abilities, are more likely to persist. So are individuals with an internal locus of control.[34] Internally oriented people (internals) believe that they have control over their lives and can determine what happens to them. Externally oriented people (externals) believe that life events are beyond their control and are the product of luck or fate. Because internals take personal responsibility for their actions, they are motivated to do what is right. Externals are more susceptible to situational pressures. As a consequence, they are less likely to persist in ethical tasks.

Successful implementation demands that persistence be complemented with competence. A great number of skills can be required to take action, including, for instance, relationship building, organizing, coalition building, and public speaking. Pulitzer Prize–winning author and psychiatrist Robert Coles discovered the importance of ethical competence during the 1960s.[35] Coles traveled with a group of physicians who identified widespread malnutrition among children of the Mississippi Delta. They brought their report to Washington, DC, convinced that they could persuade federal officials to provide more food. Their hopes were soon dashed. The secretaries of agriculture and education largely ignored their pleas, and southern senators resisted attempts to expand the food surplus program. The physicians were skilled in medicine, but they didn't understand the political process. They got a hearing only when New York senator Robert Kennedy took up their cause. A highly skilled politician, Senator Kennedy coached them on how to present their message to the press and public, arranged special committee meetings to hear their testimony, and traveled with them to the South to draw attention to the plight of poor children.

Ethical Checkpoint 2.1

The Power of Elevation

Researchers have long recognized the power of disgust. Repulsion originated as a physical response toward contamination—tightening of the throat, nausea—which protected our ancestors from tainted food and parasites. Disgust evolved to have a social dimension as well. For example, we are repulsed by those we think are tainted by a physical deformity, bad odor, dirt, greed, and overindulgence. We are also disgusted by those who engage in immoral acts like torture and cruelty. Only recently have scholars begun to examine the power of elevation, which is the opposite of disgust. Elevation is the emotional response to witnessing the virtuous actions of others. For instance: a man jumping off a bus to help an elderly woman shovel snow, the employee who donates her free airline miles to help a coworker visit her dying mother, the volunteer who hands out clean socks to the homeless living on the street.

The physiological response to elevation includes a warm feeling in the chest, goose bumps, higher oxytocin levels, increased heart rate, and greater nervous system activity. Elevation is positive emotion that uplifts individuals, who then want to become better persons, connect more to other people (merge with them), and help others. They then are more to likely to volunteer, to take an unpaid survey, to register as an organ donor, to feel less prejudice, to purchase environmentally friendly products, and so on. Elevation experiences often lead to feelings of transcendence (connection with a something larger than the self), greater meaning in life, and reduced depression. The most elevating experiences are sparked by witnessing deeds that require a high level of effort or sacrifice. Some people are more likely to engage with moral beauty than others.

Elevation can be deliberately triggered, thus benefiting individuals, groups, and organizations by encouraging prosocial behaviors. To promote elevation in yourself or others, (1) keep a diary or write letters, noting examples of moral beauty; (2) view or read about moral exemplars; (3) demonstrate self-sacrifice for the organization, coworkers, and the community; and (4) experience natural beauty.

Sources: Algoe, S. B., & Haidt, J. (2009). Witnessing excellence in action The "other praising" emotions of elevation, gratitude, and admiration. *The Journal of Positive Psychology, 4*(2), 105–127.

Haidt, J. (2003). Elevation and the positive psychology of morality. In C. L. M. Keyes & J. Haidt (Eds.), In *Flourishing: Positive psychology and the life well-lived* (pp. 275–299). American Psychological Association.

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Schnall, S., Haidt, J., Clore, G. L., & Jordan, A. H. (2008). Disgust as embodied moral judgment. *Personality and Social Psychology Bulletin, 34*, 1096–1109.

Thomson, A. L., & Siegel, J. T. (2017). Elevation: A review of scholarship on a moral and other-praising emotion. *The Journal of Positive Psychology, 12*(6), 628–638.

Moral Potency

Developing *moral potency* is one way to nurture character and improve ethical follow-through.[36] Moral potency is a psychological state marked by a sense of ownership or responsibility for personal ethical behaviors and the actions of colleagues. Those with moral potency see their groups, organizations, and communities as extensions of themselves, which increases their obligation to act in an ethical manner. A sales manager who identifies strongly with her company, for example, may see sales tactics as representative of her own ethicality. She has a strong motivation to see

that her sales force doesn't mislead customers. Moral courage and moral efficacy reinforce moral ownership. Moral courage provides the impetus to act despite external pressures and adversity. Moral efficacy is the belief or confidence in the ability to act. The sales manager might want to fire a high-performing sales representative for lying to customers but likely won't do so unless she believes that she has the support of her bosses or if she believes she can effectively confront the individual.

Moral potency can be developed. To foster ownership in yourself and others, clarify the ethical duties associated with each organizational role and emphasize personal responsibility for acting on these responsibilities. Identify with professional codes and values while encouraging others to do the same. (Doctors, for example, tie their identities to the medical code "do no harm to one's patients.") Develop moral courage by looking to courageous role models and act as a role model yourself. Build in cues—mission statements, codes of ethics—that promote courageous action. Develop moral efficacy by taking on increasingly difficult ethical challenges and then reflect on how you handled them. Participate in case studies, simulations, and training. Learn from how others respond to these dilemmas.

When it comes to implementing our choices, knowing how to stand up for our values is a particularly important competency. All too often we know what is right but fail to speak up due to peer pressure, opposition, fear, and other factors. We go along with inflating quarterly revenues, overselling product features, and lying to donors. Mary Gentile, director of the Giving Voice to Values program, argues that the first step to acting on personal moral standards (developing our "moral muscle") is to conduct a thought experiment.[37] Ask, "What if you were going to act on your values—what would you say and do?" Gentile then outlines seven assumptions or foundational concepts that equip us to act on our ethical choices:

1. *Certain values are widely shared*. Identifying commonly held values like compassion, courage, integrity, and wisdom can help us clarify our differences with others, understand their positions, and communicate our values more effectively. Shared values can also provide a foundation for working together to do the "right" thing in a variety of cultural settings.

2. *Acknowledge the power of choice*. Most of us can think of a time when we acted on our ethical convictions or, conversely, failed to do so. Telling the stories of these events reveals that we have the power to choose. Such narratives help us identify those factors that contributed to success (enablers) or failure (disablers). Some common enablers include finding allies; approaching the right audiences at the right time; gathering information; asking questions; understanding the needs, fears, and motivations of the audience; and reframing, as in redefining ethical misbehavior as a financial risk and turning competition into a win-win negotiation. Disablers are often the absence or the reverse of enablers. We fail because we act alone, don't have enough information, misunderstand our audiences, and so forth.
3. *Treat values conflicts as normal*. Expect disagreements about moral choices in organizations—they are a natural part of doing business. Recognizing that fact should keep us from being surprised and help us remain calm. We'll find it easier to appreciate the viewpoints of other parties instead of vilifying them. We can develop strategies for dealing with the most common ethical conflicts we'll face in our work.
4. *Define your personal and professional purpose*. Before values conflicts arise, ask, "What am I working for?" Consider the impact you want to have in your job and career. Reflecting on why we work and the mission of our organizations can provide us with new arguments to use when voicing our values. We'll feel more empowered to speak up, and others may be attracted to our purpose.
5. *Play to your personal strengths*. We are more likely to speak up if we create a self-story or personal narrative based on self-knowledge. Voicing values then arises out of our core identity and our desired self-image. Consider your purpose, the degree of risk you are willing to take, your personal communication style, where your loyalties are, and your image of yourself. Your self-story should build on your strengths, helping you to see that you can make hard choices and follow through on your decisions.
6. *Find your unique voice*. There are many ways to speak out about values in the work setting. For example, you might directly confront your boss or prefer to ask questions instead. Or you might work within the existing hierarchy or go outside the regular chain of command. Find and develop your unique voice by reflecting on your experience,

practice (each time you speak up, you build moral muscle), and receive coaching from mentors and peers.

7. *Anticipate reasons and rationalizations for unethical behavior*. Consider the most likely arguments that others will use to support immoral behavior. Two common arguments are "everyone does this, so it's really standard practice" and "this action doesn't really hurt anyone." Then consider how you might best respond. The "everybody is doing it" argument is an exaggeration because (1) not everyone engages in the practice, and (2) if it were standard practice, there wouldn't be law or policy against it. The "nobody is hurt" rationalization overlooks the fact that some practices like stealing are wrong no matter how small their impact.

Tips for Fostering Your Moral Character

Take a look at your track record. How well do you persist in doing the right thing? How well do you manage obstacles? Consider what steps you might take to foster the virtue of persistence.

Believe that you can have an impact. Unless you are convinced that you can shape your own life and surroundings, you are not likely to carry through in the midst of trials.

Take ownership. Resist the temptation to excuse your unethical behavior or to shift the blame to someone or something else. Consider your group or organization as an extension of yourself, which reflects on your ethicality.

Watch your language. Avoid euphemisms that mask or sanitize poor behavior. Recognize the power of talk to dehumanize others.

Master the context. Know your organization, its policies, and important players so you can better respond when needed.

Be good at what you do. Competence will better enable you to put your moral choice into action. You will also earn the right to be heard.

Develop your voice. Anticipate values conflicts and prepare for them. Identify those factors that enable you to speak out or prevent you from doing so. Find the approach that works best for you and practice it to build your moral muscle. Develop arguments to overcome justifications for immoral behavior.

DECISION-MAKING FORMATS

Decision-making guidelines can help us make better moral choices both individually and as part of a group or organization. Formats incorporate elements that enhance ethical performance while helping us avoid blunders. Step-by-step procedures ensure that we identify and carefully define ethical issues, resist time pressures, acknowledge our emotions, investigate options, think about the implications of choices, and apply key ethical principles. I'll introduce five decision-making formats in this second half of the chapter. You can test these guidelines by applying them to the scenarios described in Case Study 2.2.

Aristotle's Rules of Deliberation

Philosophy professor Edith Hall is convinced that, when it comes to making decisions of all kinds, we should look to Aristotle for guidance. (See Chapter 1 for a more detailed look at Aristotle and his approach to ethics.) Hall extracts a "formula" or set of rules for deliberation from Aristotle's works.[38] *Deliberation*, for Aristotle, involves choosing the best means or course of action to achieve our goals—to solve an ethical dilemma, to make a strategic decision, to live a flourishing life. Decisions reached through deliberation commit us to a future course of action. Deliberation requires that we take moral responsibility for our choices. There is no guarantee that we will make the right decision, but we need to follow a process that maximizes our chances of a successful outcome. Hall identifies the following as Aristotle's guidelines for deliberation:

Rule one: Take your time. Don't decide in haste or impulsively. (See our earlier discussion of how time pressures undermine moral judgment.) "Sleep on it" when it comes to important decisions. Your anger at your boss may subside overnight, for example, or the next day you may decide to talk with colleagues before confronting your manager. This rule is more important than ever, given email and social media, which facilitate instant responses. Resist the temptation to immediately press "send," ending a job, contract, or relationship.

Rule two: Verify all information. Separate truth from opinion or rumor. Beware of disinformation, rumors, attacks, and conspiracy theories masquerading as "news" on Facebook and other social media platforms. Be suspicious of the results of studies sponsored by drug manufacturers.

Rule three: Consult an expert advisor (and really listen to that person). Turn to a knowledgeable source and take that person's advice whenever possible. Be sure the advisor has nothing to gain or lose from your choice. Remember that friends, family members, and coworkers, rather than being disinterested, may have a stake in your decision.

Rule four: Look at the situation from the perspective of all those who will be affected. Consider all the stakeholders who might be impacted by the determination. Take a decision to transfer manufacturing overseas to save money, for instance. This decision impacts not only employees but also their families, suppliers, local businesses and schools, regional governments, and so on.

Rule five: Examine precedents. Consider what has happened in the past with the objective of learning from previous experience. How has the organization handled previous layoffs, for example, and what was the result? How has it treated whistle-blowers? How has it responded to members who break the company's code of ethics?

Rule six: *Determine the likelihood of different outcomes and prepare for each one*. A course of action can generate a variety of outcomes. In the case of shifting manufacturing overseas, such a move could provoke a strike by workers, generate negative publicity in the local press, bring condemnation from state and national governments, mean the end of tax subsidies, and damage the firm's socially conscious reputation. Be prepared to prevent or respond to each of these possible developments.

Rule seven: *Factor in luck*. Aristotle, like many other Greek philosophers and playwrights, was very aware of the role that bad luck plays in decision making. Good people die young, the evil prosper, competitors unexpectedly enter the market, the stock market suddenly crashes, and so on. Misfortune can't be eliminated but can be anticipated. Developing worst-case scenarios—the CEO dies, the project fails, the company gets caught in a trade war—may keep you from an ill-fated course of action. If nothing else, recognizing the role of luck can better prepare you to deal with failure. When an outcome fails due to chance, there is no need to blame yourself for lack of effort.

Rule eight: *Don't drink and deliberate*. Deciding under the influence of drink or other intoxicants like marijuana can lead to intemperate choices. Commit yourself to moderation in drink as in

all other areas of life. Follow Aristotle’s first seven rules for deliberation before drinking and choosing a course of action.

The Lonergan/Baird Method

Twentieth-century philosopher Bernard Lonergan (1904–1984) believed that all humans follow the same basic pattern of cognitive operations in order to make sense of the world.[39] People act like natural scientists. First they observe at the physical or *empirical* level (perceive, sense, move, speak). Next they process this information on an *intellectual* level by asking questions, expressing relationships, developing hypotheses, and coming to an understanding. Then they put together arguments and come to a judgment on the truthfulness and certainty of the hypotheses or propositions at the *rational* level. Finally, individuals move to the *responsible* level. At this stage they determine how to act on their conclusions, evaluating various courses of action and then carrying out their decisions. These processes can be condensed into the following steps: Be attentive. Be intelligent. Be reasonable. Be responsible.

Ethics expert Catharyn Baird uses Lonergan's method as a framework for making ethical choices and has developed a set of questions and guidelines for each of his four levels.[40]

Step 1: Be Attentive—Consider What Works and What Doesn't

The first stage sets the parameters of the problem by asking these questions:

- Who is the ethical actor? An individual or organization must carry out every ethical decision. Make sure the person or group with the authority to carry out the decision makes the final determination.
- Who are the stakeholders in the conflict? All moral decisions have a relational component. Consider all the stakeholders who could be impacted by the choice. In a company this would be shareholders, employees and customers, competitors and vendors, and members of

the larger community. (I'll have more to say about stakeholders in Chapter 11.)

- What are the facts of the situation? Be aware of personal biases and try not to prejudge. Describe the situation in neutral language. Consider the history of the issue, important players, conflicts between parties, and so on.

Step 2: Be Intelligent—Sort Through the Data

Begin to make sense of the information gathered in Step 1 by asking:

- Is this an ethical question? Some issues involve conflicts between core values, while others are aesthetic (matters of taste) or technical (differing strategies for completing a task or reaching a goal).
- For this question, what is the very specific issue to be resolved? Put the problem in the form of a question if possible. Identify which values are in conflict in this particular situation. According to Baird, many conflicts arise along two axes. The first axis is autonomy versus equality. Those who favor autonomy believe that individuals should have as much freedom as possible to determine how they live. They demand privacy on the job and resist workplace restrictions on cell phone and internet use. Those valuing equality want to make sure everyone is treated fairly. As employees, they are concerned that the workload, profits, and benefits are fairly distributed. Baird's other continuum is rationality versus sensibility. Those who put a priority on rationality know what is expected and follow the rules. They focus on safety and economic security (minimum wage laws, overtime rules). Those who value sensibility, on the other hand, are flexible, adapting to each new situation. They don't want to be tied down by a long-term commitment to any one organization.

Choosing among options is the final component of Step 2. The best solutions creatively integrate competing interests and values. Consider the example of a company that decided that all employees needed photo ID

cards for security reasons. One longtime employee, a Muslim woman, objected to having her picture taken without her veil. To balance her right of autonomy against the corporate need for security, the firm had two pictures taken—one with her in a veil and another without. A woman photographer took the facial photo. Only female security guards were allowed to check her facial ID card.

Step 3: Be Reasonable—Evaluate the Options

Making responsible decisions involves critical evaluation of the options:

- Follow the analytical rules that bring the best result. Hone your critical thinking skills. Rigorously examine all assertions and assumptions; make sure that supporting evidence is accurate and relevant. Apply the same critical standards to your own reasoning as you do to the reasoning of others.
- Evaluate the problem against core principles and values. Apply the ethical perspectives described in Chapter 1.
- Reasonably apply moral principles and values. Consider how best to carry out the decision. Employ both the head and the heart, reason and emotion, to make responsible choices. Use imagination to envision an outcome that balances competing interests and values.

Step 4: Be Responsible—Act With Courage

To act responsibly, incorporate the following:

- Correct for bias through ethical maturity. Ethically mature individuals use reason effectively, nourish relationships, make proper use of power, and strive for integration that models ethical wholeness to others.

- Attend to the common good. Consider how your actions will impact the larger community and generations to come.
- Act with courage. Make the most thoughtful choice possible given the limited information available. Remember, "choosing not to act *is* acting."[41]

The Lonergan/Baird model involves continuous improvement based on a constant cycle of action and reflection. Mature ethical agents act and then evaluate the results of their decisions. They determine which principles and strategies worked well and which did not. Based on their reflection, they are better equipped to tackle the next moral issue.

The Moral Compass

Ethics professor Lynn Paine offers a four-part "moral compass" for guiding managerial decision making.[42] The goal of the compass is to ensure that ethical considerations are factored into every organizational decision. Paine believes that we can focus our attention (and that of the rest of the group) on the moral dimension of even routine decisions by engaging in the following four frames of analysis. Each frame or lens highlights certain elements of the situation so that they can be carefully examined and addressed. Taken together, the lenses increase moral sensitivity, making it easier for organizational members to recognize and discuss moral issues.

Lens 1: Purpose—Will This Action Serve a Worthwhile Purpose?

The first frame examines end results. Proposed courses of action need to serve meaningful goals. To come up with the answer to the question of purpose, we need to gather data as well as make judgments. Consider what you want to accomplish and whether your goals serve a worthy purpose. Examine possible alternatives and how they might contribute to achieving your objectives.

Lens 2: Principle—Is This Action Consistent With Relevant Principles?

This mode of analysis applies ethical standards to the problem at hand. These guidelines can be general ethical principles, norms of good business practice, codes of conduct, legal requirements, and personal ideals and aspirations. Determine what norms are relevant to this situation and important duties under these standards. Make sure any proposed action is consistent with organizational values and ideals.

Lens 3: People—Does This Action Respect the Legitimate Claims of the People Likely to Be Affected?

This third frame highlights the likely impacts of decisions. Identifying possible harm to stakeholder groups can help us take steps to prevent damage. Such analysis requires understanding the perspectives of others as well as careful reasoning. Determine who is likely to be affected by the proposed action and how to respect their rights and claims. Be prepared to compensate for harm and select the least harmful alternative.

Lens 4: Power—Do We Have the Power to Take This Action?

The final lens directs attention to the exercise of power and influence. Answers to the questions raised by the first three lenses mean little unless we have the legitimate authority to act and the ability to do so. Consider whether your organization has the authority, the right, and the necessary resources to act.

Paine uses the example of a failed product introduction to illustrate what can happen when organizational decision makers don't take moral issues into account. In the early 1990s, Lotus Development and Equifax teamed up to create a product called Lotus Marketplace: Households. This compact disc and software package was designed to help small businesses create targeted mailing lists from their desktop computers. For $695, purchasers could draw from a database of 80 million households (created from credit information collected by Equifax) instead of buying onetime mailing lists from list brokers. Businesses could then tailor their mailings based on income, gender, age, marital status, and lifestyle.

Criticism began as soon as the product was announced to the public. Many consumers didn't want to be included in the database due to privacy concerns and asked if they could opt out. Others worried that criminals might misuse the information—for instance, by identifying and then targeting upper-income single women. The system didn't take into account

that the information would soon be outdated and that data could be stolen. The two firms tried to address these issues by allowing individuals to remove their names from the list, strengthening privacy controls, and improving security. Lotus and Equifax failed to sway the public, and the project was scuttled. Equifax subsequently stopped selling credit information to marketers.

The Foursquare Protocol

Catholic University law professor and attorney Stephen Goldman offers another decision-making format designed specifically for use in organizational settings. He calls his method a *protocol* because it focuses on the procedures that members use to reach their conclusions.[43] Following the protocol ensures that decisions are reached fairly.

Protocol Element 1: Close Description of the Situation

Ethical decision making begins with digging into the facts. Goldman compares the process to how a physician generates a diagnosis. When determining what is wrong with a patient, the doctor gathers information about the patient's symptoms and relates them to one another to identify the problem. In the same way, we need to get a complete account of the ethical "patient," or problem. Gather data and identify the relevant facts.

Protocol Element 2: Gathering Accumulated Experience in Similar Situations

Doctors rely on their past experience when treating patients; organizational decision makers should do the same. Use important ethical principles but, at the same time, look to past experiences with similar problems. How did the organization respond to cases of sexual harassment in the past, for instance? Explore how other managers have responded to related dilemmas. To be fair, similar cases should be treated the same way. Also consider how others will talk about your decision. Remember that how you respond to the issue will shape the group's ethical culture going forward. For instance, if you excuse those who engage in sexual harassment now, you can expect more cases of harassment in the future.

Protocol Element 3: Recognize the Significant Distinctions Between the Current Problem and Past Ones

Identify the important differences between the current situation and past incidents. Some distinctions are insignificant, while others are critical. The ability to discern which is which separates average ethical decision makers from the really good ones. For example, companies may want to modify their drug policies in light of the fact that some states have legalized the use of medical and recreational marijuana.

Protocol Element 4: Situating Yourself to Decide

Once the facts are gathered and sorted, it is time to make the choice. To "situate" yourself to make the decision, consider three factors. First, what, if any, self-interest do you have in the choice that might compromise your judgment? You might have a financial stake in a course of action, or you may be faced with disciplining an employee who is also a friend. Second, imagine that you are on the receiving end of your decision, which is likely to be costly to some groups. Consider how you would respond if you were to be laid off, for instance. Third, determine what your moral instincts or intuitions are telling you to do. For example, does your gut tell you that it is wrong to lay off those with the longest tenure? That protecting the organization's diversity by retaining minority employees is the right thing to do? Use your instincts to test the choice you make through the application of ethical principles like utilitarianism.

The Five "I" Format

The easily memorized five "I" format integrates key elements of the earlier formats as well as the insights of scholars who study group decision making.[44] Your instructor may ask you to adopt this format to resolve ethical issues throughout the course. The steps of the model are described in this section and summarized in Box 2.1. To demonstrate the format, I'll use the example of a decision facing Greg Smith, the CEO of a small manufacturing firm. He must decide how to respond to the declining work performance of the firm's longtime receptionist, Margaret Simpson. The face of the company to visitors and employees alike, Margaret has become cold and distant, often coming to work late. Years earlier CEO Smith used her example of what the company "family" is all about. Now there are complaints about Margaret's rude comments and brusque manner. The CEO took her aside to confront her about her poor performance but to no avail. If anything, Margaret is more unpleasant than ever.

1. Identify the Problem

Identification involves recognizing that there is an ethical problem to be solved and setting goals. Check in with your feelings and clearly identify the problem. Describe what you seek as the outcome of your deliberations. Will you be taking action yourself or on behalf of the group or organization? Developing recommendations for others? Dealing with an immediate issue or setting a long-term policy? CEO Smith has warm feelings for Margaret given the fact that she has been with the company since it opened and took late paychecks during the first two years of operations. This is a decision he must make soon because her behavior is hurting employee morale and offending customers and vendors. The question he must answer is: *What action should I take with Margaret?*

2. Investigate the Problem

Investigation involves two subprocesses: problem analysis and data collection. "Drill down" to develop a better understanding of the problem. Determine important stakeholders as well as conflicting loyalties, values, and duties. Develop a set of criteria or standards for evaluating solutions. This is the time to introduce important ethical perspectives. You may decide that your decision should put a high value on justice or altruism, for instance. In addition to analyzing the issue, gather more information. Knowing why an employee has been verbally abusive, for example, can make it easier to determine how much mercy to extend to that individual. You will likely be more forgiving if the outburst appears to be the product of family stress—divorce, illness, rebellious children. There may be times when you can't gather more data or when good information is not available. In those cases, you'll need to make reasonable assumptions based on your current knowledge.

CEO Smith must consider employees, venders, and customers when deciding what to do about Margaret. He runs the risk of alienating employees and outsiders if she stays on. He feels loyal to Margaret but has a duty to other workers and the firm as a whole. Concern for employees is one of the firm's core values. Any decision he makes should treat Margaret fairly and with compassion while, at the same time, keeping the best interests of the company in mind. From a utilitarian perspective, letting Margaret go would likely produce the greatest good for the greatest number. However, the CEO wants his decision to reflect respect for Margaret (Kant); both be fair to the receptionist in this case and set a fair standard for future personnel decisions (Rawls); and demonstrate benevolence (Confucianism, altruism). In gathering more information, CEO Smith discovers that Margaret plans to retire in three years but that her retirement savings have dropped due to a recent recession. He assumes that her behavior in her current position will not improve.

3. Innovate by Generating a Variety of Solutions/Answers

Resist the temptation to reach quick decisions. Instead, continue to look for a third way by generating possible options or alternative courses of action that could reach your goals and meet your criteria. When it comes to what

to do about Margaret, the most obvious alternatives are to immediately fire her or to keep her on in her current position. Yet, there may be a more creative way to resolve the issue. CEO Smith could move her to a less public role or offer a financial bridge to retirement, asking her to quit now while continuing to pay into her retirement account for the next three years.

4. Isolate a Solution/Answer

Settle on a solution using what you uncovered during the investigation stage. Evaluate your data, weigh loyalties and duties, consider the likely impact on stakeholders, and match the solution to your ethical criteria. The choice may be obvious, or you may have to choose between equally attractive or equally unattractive alternatives. When it comes to decisions involving truth and loyalty, for instance, there is no easy way out. Lying for a friend preserves the relationship at the expense of personal integrity; refusing to lie for a friend preserves the truth but endangers the relationship. Remember that you are looking not for the perfect solution but for a well-reasoned, carefully considered one. Be prepared to explain and defend your answer to the question you posed in Step 1. For CEO Smith, both immediately firing Margaret and keeping her in her current position are undesirable options. Retaining her is costly and unfair to her colleagues while firing her appears disloyal and uncompassionate. Finding a "backroom position" where she would have less contact with the public and coworkers is the most desirable option since it would allow her to work toward retirement while reducing the costs of retaining her. Offering a bridge to retirement would allow her to leave immediately on her own terms but would be more expensive. A combination of backroom position and retirement bridge might be possible by, for example, letting her work for another year before she retires early with the company continuing to pay retirement benefits for another two years.

5. Implement the Solution

Determine how you will follow through on your choice. If you are deciding alone, develop an action plan. If you are deciding in a group, make sure

that all team members know their future responsibilities. When it comes to Margaret Simpson, CEO Smith needs to determine if there is a position that she can fill and what he can offer in the way of a retirement package. Then he needs to meet with the receptionist to discuss a transfer and/or to outline a retirement option. In any case, he needs to make it clear to Margaret that she cannot stay in her current role and must immediately accept the transfer and/or the package.

Box 2.1: "I" Format

1. Identify the Problem

   Objective: recognize the problem and set goals

   Output: one-sentence description of the question you seek to answer

2. Investigate the Problem

   Objective: analyze the problem and collect data

   Outputs: list of stakeholders

   list of loyalties, values, and duties

   set of criteria or standards for evaluating solutions

   application of ethical perspectives (e.g., categorical imperative, utilitarianism)

   important additional information

   assumptions based on current knowledge

3. Innovate by Generating a Variety of Solutions/Answers

   Objective: generate possible answers—options, courses of action—to answer the question posed in Step 1

   Output: list of possible solutions

4. Isolate a Solution/Answer

   Objective: settle on a solution using the products of the investigation stage

   Outputs: explanation for rejecting alternatives

description and explanation of the final answer

5. Implement the Solution

   Objective: follow through on the decision

   Outputs: action plan

   written assignment descriptions

Chapter Takeaways

- Moral behavior is the product of moral sensitivity, moral judgment, moral motivation, and moral character. You'll need to master each of these components in order to make and then implement wise ethical decisions.
- You can enhance your ethical sensitivity through being attentive to moral issues, challenging your current ways of thinking, looking for innovative ways to solve problems, and discussing decisions in moral terms. Increase the moral intensity of issues by emphasizing their consequences and by pointing out that there is widespread agreement that they are problematic.
- Your moral judgment can be impaired if you look only to others for guidance or blindly follow the rules of your organization. Try to incorporate universal ethical principles into your decision-making process.
- Beware of major motivational contributors to defective decision making: insecurities, greed, and ego.
- Recognize the unconscious cognitive biases that lead to unethical choices. These include (1) overestimating your ethicality, (2) forgiving your own unethical behavior, (3) overlooking other people's unethical behavior, (4) implicit prejudice, (5) favoring members of your own group, and (6) judging based on outcomes rather than on the quality of the decision-making process.
- You will be more likely to put ethical values first if you resist the temptation to engage in moral hypocrisy, if you are rewarded for putting moral considerations first, if you harness the power of moral emotions, and if you have a sense of duty toward your group and organization.
- To succeed at implementing your moral choice, you'll need to be both persistent and competent. Believe in your own ability

to influence events, take ownership or responsibility for your personal behavior and that of your colleagues, master the organizational context, develop the necessary implementation skills, and learn to give voice to your values.

- Decision-making formats can help you make better moral choices. Which format you use is not as important as approaching moral problems systematically. Aristotle provides a set of rules for deliberation; the Lonergan/Baird method builds on the process that individuals use to make sense of the world; the moral compass factors ethical considerations into every organizational decision; the foursquare protocol ensures that decisions are reached fairly; and the five "I" format incorporates elements of the first four sets of guidelines.

Application Projects

1. Use the suggestions in the chapter to develop an action plan for improving your moral sensitivity, judgment, motivation, and character.
2. Find a partner and compare your answers to the vignettes in Self-Assessment 2.1 with those reported by the researchers. How do your responses compare to theirs? What factors did both of you consider when making your determinations? Are some dimensions of moral intensity more important than others when deciding that situations have an ethical dimension?
3. Select a moral issue and evaluate its level of moral intensity using the components described in the chapter. Or choose an ethical dilemma that you think deserves more attention. What steps could you and others take to increase this issue's level of moral intensity?
4. Describe how your college career has influenced your moral development. What experiences have had the greatest impact?
5. Which of the cognitive biases described in the chapter poses the most danger to moral judgment? Defend your choice in a small-group discussion.
6. Analyze your responses to Self-Assessment 2.2. Do you feel your strongest sense of duty to coworkers, organizational mission, or organizational norms? What is your overall sense of duty? What values and experiences have shaped your duty orientation? Are you satisfied with your scores? What could you do to increase your sense of obligation? Write up your conclusions.
7. How do you use both emotions and reason when you make moral choices? Provide examples.
8. Apply one of the decision-making formats to an ethical dilemma found at the end of this chapter or to another one that you select. Keep a record of your deliberations and your final choice. Then evaluate the format and the decision. Did following a system help you come to a better conclusion? Why or why not? What are the strengths and weaknesses of the format you selected? Would it be a useful tool for solving the

ethical problems you face at school and work? Write up your findings.

9. Using the material presented in this chapter, analyze what you consider to be a poor ethical decision made by a well-known figure. What went wrong? Why? Present your conclusions in a paper or in a presentation to the rest of the class.
10. Develop your own set of guidelines for ethical decision making. Describe and explain your model.

Case Study 2.1: The Fall of an Auto Industry Icon

Not so long ago, Nissan/Renault CEO Carlos Ghosn was a rock star of the automobile industry. Widely credited for saving Nissan from bankruptcy, he was the hero of a cartoon series. Ghosn headed the alliance of Renault, Nissan, and Mitsubishi, which employs 450,000 people and produces 10 million vehicles a year. This partnership, involving shared purchasing and design, is considered a model of global innovation. Ghosn managed to keep the alliance together despite tensions between managers in Japan and France. He was uniquely qualified to lead a multinational alliance. Born in Brazil, raised in Lebanon, and educated in France, Ghosn speaks Arabic, French, English, Portuguese, and some Japanese. He tried to "denationalize" Nissan and Renault by hiring senior executives from outside France and Japan and by changing the official language of Nissan to English.

In December 2018, Ghosn's career as an automotive icon came to a sudden end. Japanese prosecutors charged him with underreporting his income by approximately $80 million. He was removed as Nissan chair and resigned from his position at Renault. Conviction for violating Japan's financial laws can result in a 10-year prison sentence. However, Ghosn fled to Lebanon to avoid punishment.

Investigations by company officials, prosecutors, and journalists since his arrest reveal that Ghosn maintained a lavish lifestyle, apparently at company expense. He used a series of corporate planes to jet to his expensive homes in Rio de Janeiro, Paris, Beirut, and Amsterdam, often for personal business. One of Nissan's subsidiaries apparently purchased a yacht for his family's use, and he is accused of billing Nissan for $260,000 to pay for an extended weekend party in Rio de Janeiro. Ghosn rented the Versailles palace near Paris for a Marie Antoinette–themed reception to celebrate his second marriage. The gathering featured actors in period costumes and the cakes and pastries favored by the former queen. Renault paid for the party, but Ghosn now says he will reimburse the

company for this event, which cost an estimated 600,000 euros. In addition to allegations that he misspent corporate money for personal use, the disgraced chair is accused of diverting Nissan funds to pay for investments in tech funds, to buy real estate, and to fund his son's start-up company.

Ghosn's downfall appears to be the product of greed and excessive pride. Though paid 10 times more than the CEOs of Toyota and Honda, Ghosn complained that he earned far less than the CEOs of General Motors, Ford, and Fiat. (His public relations team was charged with producing charts demonstrating how his compensation lagged behind that of CEOs at other automobile manufacturers.) Said one French executive with ties to Ghosn: "He wanted to be an American CEO. They had the trappings, the pay and the adulation of being corporate titans."[1] Then, too, the ex-CEO was proud of his many accomplishments. The walls of his $15 million-dollar home in Lebanon were covered with his portraits. Each of his corporate jets came with the vanity-plate registration number N155AN. Twice he snubbed invitations from France's finance minister, claiming to be too busy to meet.

Ghosn's extravagance was particularly galling to Nissan employees, who cheered the announcement of his arrest and replacement. Ghosn cut costs in order to make Nissan profitable at the same time he was spending millions on himself and his family. Said one former Nissan executive, "Transparency and frugality were the Nissan way. I want to ask: 'Where did the transparency go? Where did frugality go?'"[2] His lavish lifestyle also stirred resentment in France, where truck drivers, farmers, and other workers have taken to the street to protest the worsening plight of the lower and middle classes.

Ghosn and his family argue that the CEO's arrest was a coup engineered by Nissan executives fearful they would lose their jobs if Nissan and Renault merged into one company. According to his attorneys, "The surprising arrest of Carlos Ghosn is part of a sordid strategy by Nissan to undermine the Renault alliance."[3] For their part, company officers argue that he deserved to lose his position, noting his actions were "blatantly unethical."[4] Company officials admit that the board did not exercise proper oversight over the

former CEO. Nissan shareholders passed a series of governance changes designed to prevent future chairs from wielding as much power as Ghosn.

Discussion Probes

1. Do you think that Ghosn was a victim of his own success?
2. How much blame do you place on Nissan and Renault for failing to prevent Ghosn's apparent misuse of company funds?
3. What steps can organizations take to keep their executives from falling victim to unethical behavior driven by greed and pride?
4. What steps can we take to prevent ourselves from falling victim to greed and pride?
5. What limits, if any, should be put on executive pay?

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Case Study 2.2: Scenarios for Analysis

Scenario 1: To Geotag or Not to Geotag?

Juanita Cortez operates the social media travel site "eyeonthewildwest." She travels the western United States, exploring locations not covered in most guidebooks and brochures. She blogs and creates podcasts about her adventures and posts pictures of the places she visits. Juanita generates revenue through ads, acting as a spokesperson for several outdoor brands, commissions from sales based on leads from her site, and her e-travel guides. Because she attracts thousands of followers, Juanita was able to leave her corporate position to become a full-time influencer. Unfortunately, her success and that of other travel influencers has come at a significant cost to the environment. Geotagging—posting the coordinates of photos—on Instagram can attract thousands to fragile locations, leading to overuse as hordes of visitors erode trails, trample plants, trespass on private land, damage fences, and so on. Worse yet, some visitors misbehave, leaving trash, feeding wildlife, and even injuring (or killing) themselves taking selfies. The Leave No Trace Center for Outdoor Ethics and the tourist board of Jackson Hole, Wyoming, therefore urge visitors not to geotag their photos.

Juanita realizes that since she often visits remote, fragile sites, posting tags could ruin the very places she loves and wants to share with her followers. Leaving this information off her pictures will encourage followers to explore on their own. On the other hand, Juanita believes that others have a right to explore these sites. She also worries that not tagging her photos will reduce traffic to her site (and reduce her revenue) as many of her followers are seeking detailed information about unique places.

Discussion Probe

Should Juanita geotag her photos?

*Case inspired by Josh McNair of the George Fox University DBA program.

Scenario 2: The Controversial Delicacy

Pierre Francois is head chef at an upscale restaurant in New York City. Learning to prepare foie gras (French for "fatty liver") was part of his gastronomical training and marks him as a world-class chef. The dish, made from the livers of ducks or geese, is a delicacy long associated with fine dining. However, animal rights advocates claim that producing foie gras is a form of animal torture. During the last 20 days of their lives, the birds are force-fed three times a day through tubes inserted down their throats, a process that swells their livers to 10 times the normal size. Critics claim that this can make it difficult for the birds to breathe and can result in liver failure. Some birds may grow too large to walk.

California and several nations ban foie gras. Supporters of foie gras dispute claims that the birds are harmed by force-feeding. They believe that opponents are motivated by resentment against foodies and gourmets who enjoy the dish. If New York City restaurants stop serving foie gras, 400 farmworkers in upstate New York will be out of work. The New York State Humane Association has asked Pierre and chefs at other New York City restaurants (1,000 currently serve the dish) to take foie gras off their menus.

Discussion Probe

Should Chef Pierre continue to serve foie gras?

Source

Nierenbeer, A., & Mays, J. C. (2019, August 29). It's a delicacy, but is it ethical? Foie gras may be banned by the city. *The New York Times* .

Scenario 3: Dentists as Code Breakers

Dentist Yudang Liu works for a large health maintenance organization (HMO), specializing in oral surgery. HMO members rarely have to pay out-of-pocket costs for routine medical treatment, surgeries, and hospitalizations. That's not the case for dental care. The plan covers regular dental cleanings, X-rays, and fillings, but patients pay most of the cost of bridges and crowns as well as for root canals, extractions, implants, and other surgical procedures. Plan administrators have developed a set of billing codes for charging patients. Typically, dentists enter one code for routine procedures like root canals and extractions. They are to add codes to the bill if they do additional work, such as draining an infected tooth or gum.

Dr. Liu followed HMO billing codes closely at first. However, he soon discovered that he was asking patients to pay hundreds of dollars for additional procedures that might take only a minute or two. Liu knows that other oral surgeons in his office, in order to save their patients money, don't add billing codes in these cases. Instead, they perform the additional procedure and only submit the billing code for the scheduled surgery.

Discussion Probe

Should Dr. Liu stop adding billing codes for minor surgical procedures?

Scenario 4: Making Losers Into Winners

Laura Salmon was recently elected president of the board of the South Side Youth Soccer Association. South Side, run by volunteers, operates a soccer program for kids ages 6 to 12 in four suburban communities. The organization collects fees from parents and then uses those funds to pay operating costs. Most of the monies go toward renting playing fields, hiring officials, and buying uniforms. In addition, the association purchases trophies that go to the members of the winning teams.

Trophy expenditures make up a relatively small portion of South Side's budget but are causing the biggest headache for Laura. A group of parents is pressuring the board to expand the award program. All players would receive a trophy for participating, even if their teams had a losing record. Supporters of participation trophies argue that children should be rewarded for their efforts and treated equally, not divided into winners and losers. They point to other youth sports and music programs that guarantee that every child receives an award. Another group of parents is adamantly opposed to participation trophies. They argue that too much recognition can cause children to underachieve, that young children are motivated by the fun of playing and don't need awards, and that kids need to learn how to lose gracefully. The board is scheduled to meet next week to decide whether or not to expand the award program for the coming year. The other members are looking to Laura for guidance on this issue.

Discussion Probe

Should Laura recommend that the award program be expanded to include all participants?

Scenario 5: Guns and Coffee

Thomas Odonga is the owner of Hot Coffee, a small coffee shop located downtown in a major U.S. city. Hot Coffee does a brisk business despite being surrounded by coffee stores operated by Starbucks, Peet's, and other major chains. A number of locals want to back small businesses like Hot Coffee, and Odonga actively supports community activities. However, national debate over gun control has put Hot Coffee at risk. Gun laws vary from state to state, but businesses have a right to ban weapons on their private property. Peet's bans all guns from its premises. Starbucks requests that gun owners voluntarily refrain from bringing their weapons into their stores but doesn't forbid them from doing so, noting that weapons make other customers uncomfortable.

Now Hot Coffee customers are asking Thomas about his gun policy. He stands to lose business no matter what choice he makes. Community leaders—who regularly meet at his shop—want to limit guns to prevent them from falling into the hands of criminals and gang members. Odonga is sympathetic to their position because his brother was wounded during a robbery. Nevertheless, the right to bear arms is considered a birthright by the majority of the state's citizens. A number of Hot Coffee's most loyal customers have permits to carry concealed weapons.

Discussion Probe

What should Hot Coffee's gun policy be?

CHAPTER 3 COMPONENTS OF PERSONAL ETHICAL DEVELOPMENT

Learning Objectives

- Discover personal vocation.
- Develop strategies for job crafting.
- Identify personal values.
- Explain the six character strengths.
- Contrast direct and indirect approaches to character development.
- Define character-building habits.
- Defend the importance of creating a strong moral identity.
- Explain the benefits and dangers of workplace spirituality.

Chapter Preview

Component 1: Discovering Vocation

- Discovering Your Calling
- The Dark Side of a Calling

Component 2: Identifying Personal Values

Component 3: Developing Character

- Positive Psychology and Virtues
- Direct Approaches to Character Development
- Indirect Approaches to Character Development

Component 4: Creating a Moral Identity

Component 5: Drawing Upon Spiritual Resources

- Spiritual Disciplines
- Spiritual WellBeing

Chapter Takeaways

Application Projects

In this chapter we add to the body of knowledge and skills we need to improve ethical performance. We'll focus on the components of personal moral development that are critical to ethical decision making and action. Vocation provides a sense of direction; values determine moral priorities; character and moral identity guide moral choices and behavior; and spirituality can serve as a resource for personal and organizational ethical improvement.

COMPONENT 1: DISCOVERING VOCATION

Any strategy for personal ethical development ought to address the question "Where am I headed?" A number of authors suggest that we can best determine our life direction through understanding our vocation or calling. In popular usage, the word *vocation* refers to a job or occupation. However, the original meaning of the term was much broader. The English word is drawn from the Latin *vocare*, which means "to call" or "calling."[1] Callings have three features.[2] First, they involve action. To be called means being committed to a particular course of action. Second, callings generate a sense of purpose, mission, and meaning. They are closely tied to our identities, merging what we would like to do (our *ideal self*) with what we think we should do (our *ought self*), as well as what we currently do (our *actual self*). Third, callings are other-centered, aimed at making the world a better place. This outward or other focus is captured in writer Frederick Buechner's description of vocation as "the place where your deep gladness and the world's deep hunger meet."[3]

Calling is important to a great many students and working adults. In one study of 5,000 undergraduates, over 40% reported that having a calling to a particular career was true for them.[4] A similar percentage of working adults also view their work as a vocation.[5] College students who sense a calling are more comfortable with their employment choices, place greater importance on their careers, and are more satisfied with their educational experiences and their lives as a whole. Working adults with a sense of vocation find their work and lives more meaningful, tend to be more satisfied and committed to their teams and organizations, are more productive, and have more rewarding relationships at work.[6]

Researchers report that calling isn't limited to those in high-status jobs (e.g., executive, doctor, lawyer, engineer). Those in less prestigious positions, such as administrative support staff, zookeepers, and janitors, are almost as likely to feel a sense of calling as those in higher-status roles.[7] For many of us, the work we do is essential to fulfilling our vocation. At times, however, the pursuit of vocation has little to do with paid employment. Some use the money they earn from their jobs to pursue their vocations—working with homeless youth, performing music, inventing, researching—in their spare time. Others, such as stay-at-home parents, retirees, and the voluntarily unemployed, follow their callings without earning a salary. Career experts suggest that we will play a variety of roles over our lifetimes, most of them not work related (e.g., child, student, citizen, homemaker, retiree). The prominence of each role will vary depending on our age and stage in life.[8] The student role is more important through our early 20s, for example, but we generally become more focused on work as we get closer to age 30. Retirement and homemaking will take priority after we end our careers. Vocation guides us as we carry out all of our roles, both work related and not work related, no matter how young or old we are.

Finding our calling produces significant ethical benefits. First, having a sense of meaning fosters perseverance, buffering us from the effects of stress and allowing us to overcome obstacles. Second, when we are using our abilities and interests, we enjoy a feeling of personal satisfaction or self-actualization. This sense of satisfaction increases our level of commitment and reduces the likelihood that we will poison the ethical climate of our organizations. Third, having a clear direction makes us better stewards. Instead of wasting time and energy on tasks that aren't central to our purpose, we can focus on more meaningful projects that make effective use of our abilities. Fourth, vocation equips us for service to others. Those who are called find meaning in serving the community and significant causes, not in making money. Because we are more productive when

pursuing our vocation, we are better able to serve others, whether as engineers, architects, graduate students, software developers, nursing home administrators, or scientists.

Discovering Your Calling

Discerning your calling can be challenging—the search can be lengthy, involve many stops and starts, require sifting through conflicting advice, and so on. To cope with these realities, you'll need to demonstrate the following[9]:

- *The urge to finding meaning in your life*. Restlessness or dissatisfaction with your current job or life can prompt the search for a calling. So can critical incidents or life events, like coming to religious faith, surviving a serious illness, or living through a natural disaster. (Contemporary Issues in Organizational Ethics 3.1 highlights the importance of taking personal responsibility for engaging in meaningful work.)

- *Attentiveness*. Be alert to the cues (e.g., feelings, events, advice, setbacks) that signal a call. Silence and introspection help foster attentiveness.

- *Openness to experiment with new paths*. Experimenting narrows down the course of action tentatively identified through attentiveness. "Test" the truth of the calling by taking a course in a different major, applying for an internship, and so on.

- *Growing understanding of yourself*. Since calling is tied to personal identity, understanding the self—ideal, ought, and actual—is critical for discerning vocation.

Practical steps for discovering callings build on the qualities just described. Begin by taking stock of your strengths and interests. Pay particular attention to your past experiences. Ask yourself these questions[10]:

- What have I done and done well?
- What kinds of skills did I make use of?
- What kind of knowledge did I acquire?
- What kinds of objects did I work with?
- In what capacity was I relating to others?
- Was I working in a position with a lot of freedom and responsibility, or was I working in a highly structured situation where my activity was thoroughly and carefully structured?

Try out a variety of jobs. Even if you don't like a particular position, you will learn from the experience. Identify the roles you enjoy (see Self-Assessment 3.1) and get feedback about your strengths and weaknesses from those who know you well.

Next, identify your specific concern for others and your interests. You may be concerned about the housing needs of immigrant populations, for instance, or environmental and educational problems. Your interests—like art, music, literature, bird-watching, hiking, photography, film production, or current events—can motivate you to develop skills and knowledge that later can be employed in service. For example, one of my colleagues was prompted by his boyhood hobby of collecting baseball statistics into pursuing a career as a professor of mathematics.

Once you have identified your strengths and interests, put together a personal mission statement. Your mission statement should be short (one sentence or less), apply to life both on and off the job, demonstrate action, and reflect a prosocial orientation.[11] Use the following template: To (*verb*) & whom/what & to (*consequence*) through/by (*tool*). For example: "To build stronger local communities through creating volunteer networks"; "To enable small investors to

build wealth by providing accurate financial advice." Develop an action plan for implementing your mission statement through taking additional classes, volunteering, finding a mentor, conducting informational interviews, and so forth.

Finally, locate a place where your gifts, concerns, and interests can be put to best use to help you fulfill your mission. Finding the right job fit goes beyond matching your talents to the job description. It should also include an evaluation of the values and goals of the work setting. You may be well suited for a position (e.g., a job writing copy for vaping ads) yet refuse it on moral grounds.

Self-Assessment 3.1: Preferred Roles

Career counselors Kevin and Kay Marie Brennfleck classify roles according to the following categories. *Preferred roles* are those that feel the most natural and enjoyable to you and can play a role in determining your life's purpose. Read through the list and identify the two or three roles you most prefer. Then consider the following questions:

- What do my preferred roles have in common?
- What gifts and skills do I need to carry out these roles, and how can I further develop these abilities?
- Would people who know me well agree that I am effective in playing these roles?
- What do my preferred roles suggest about my possible vocation?

Roles emphasizing CREATING

Designer/creator: Enjoys coming up with new solutions, bringing visions into reality, or generating something new (artworks, poems, music, computer programs)

Performer: Enjoys using speaking, singing, music, and other skills in front of an audience

Roles emphasizing LEADING/CONTRIBUTING

Coordinator: Enjoys being the key person who connects people and resources to reach a goal

Contributor/investor: Enjoys giving money and resources to people and projects

Leader: Enjoys creating a vision or direction for a group or organization

Manager: Enjoys coordinating people, departments, and groups toward accomplishing goals

Team or group leader: Enjoys working with and directing a small group toward goals and building team cohesion

Roles emphasizing PERSUADING

Negotiator: Enjoys helping groups or individuals come to an agreement or solution

Promoter: Enjoys promoting the merits of someone or something

Recruiter: Enjoys influencing others to get involved in a cause, project, or event

Seller: Enjoys convincing others to purchase or invest their money

Roles emphasizing HELPING/INSTRUCTING

Counselor: Enjoys helping people deal with their problems and improve their situations

Mentor/coach: Enjoys interacting with a mentee to help that person grow personally and/or professionally

Reconciler: Enjoys bringing harmony and healing to both individual and group relationships in organizations

Teacher/trainer/speaker: Enjoys helping others learn

Roles emphasizing HELPING/ASSISTING

Caretaker (people): Enjoys providing personal care to needy individuals (children, the elderly, the disabled, the sick or injured)

Caretaker (things): Enjoys being in charge of particular things or areas and overseeing upkeep and maintenance

Host/hostess: Enjoys helping people feel welcomed and comfortable

Organizer: Enjoys organizing information, people, and things

Record keeper: Enjoys entering data, maintaining records, and keeping track of people and data

Roles emphasizing ANALYZING/SOLVING PROBLEMS

Evaluator: Enjoys assessing the quality of a person, process, or product

Troubleshooter: Enjoys assessing and then solving problems, sometimes in crisis situations

Other Roles

Specialist: Enjoys performing specific, specialized skills based on training and experience (e.g., carpentry, painting, landscaping)

Source: Republished with permission of Wiley, from *Living Your Calling: A Practical Guide to Finding and Fulfilling Your Mission in Life,* K. Brennfleck & K. M. Brennfleck, 2006, pp. 53-57; permission conveyed through Copyright Clearance Center, Inc.

The Dark Side of a Calling

While finding a calling produces a number of practical and ethical benefits, there can be a dark side to sensing a calling.[12] Many people feel a calling but don't live out their calling. They can't afford the necessary training to pursue their career, find themselves caring for ailing relatives, are unable to find the position they want in a down economy, have to give up their dream job to follow a spouse across country, or become sick or injured. Those blocked from living their callings often feel a sense of regret and, if employed, may invest less in their current positions. (It should be noted that millions of the world's citizens stuck in extreme poverty have few opportunities to pursue their callings.) Even those who live out their callings can experience negative effects. High expectations, the desire to give oneself entirely to the job, and stressful environments, like those faced by nurses, increase the likelihood of burnout. Organizations can exploit those living their callings. Zoos often take advantage of their keepers' commitment to animal care by paying them extremely low wages, for instance.[13] Being called can also lead to workaholism. Employees may sacrifice relationships and personal time, justifying the sacrifice on the basis of serving the greater good of society.

Job crafting is one strategy we can use if we find ourselves unable to pursue our calling in our current positions.[14] Job crafting is changing the nature of the job to create a better fit between us and the environment. In so doing, we'll experience a greater sense of meaning and fulfillment. *Task crafting* is altering how the work is done by, for example, taking a new approach, focusing on a certain portion of the job that we enjoy (e.g., talking with customers, creating budgets), or removing a duty that we're not suited to carry out. *Relational crafting* is generating more opportunities to create a positive interpersonal climate with coworkers, customers, clients, and supervisors. This might mean, for example, having a weekly

informal meeting with members of our work team. Relational crafting may also mean reducing contact with frustrating individuals.

Cognitive crafting is changing how we think about the work to make it more meaningful. The power of cognitive crafting can be seen in a study of cleaning staff at one hospital.[15] All the staff members had the same basic job description but viewed their roles very differently. One group concentrated on cleaning rooms, rarely interacted with others, and did the bare minimum. These cleaners believed they were stuck in low-skill positions and disliked their jobs. Members of the other group were convinced that they played a critical role in the healing process. They took on extra tasks and interacted frequently with patients, nurses, and visitors. They did their best to help the entire work unit function more smoothly.

Contemporary Issues in Organizational Ethics 3.1: Taking Personal Responsibility for Meaningful Work

Meaningful work has drawn the attention of both business ethicists and organizational scholars. Ethicists argue that organizations have a moral duty to provide employment that is significant and is a good "fit" with employees' skills, interests, and values. Such work protects the dignity of persons and enables them to flourish (see Chapter 1). Organizational scholars, on the other hand, are more interested in the tangible products of meaningful work. Researchers have discovered that those engaged in meaningful employment have higher job satisfaction and organizational commitment, work more hours, and report better psychological adjustment.

While ethicists and organizational scholars study meaningful work for different reasons, both groups agree that the responsibility for providing meaningful work falls on leaders and organizations. Supervisors should eliminate the elements (e.g., brutal working conditions, oppressive supervision) that undermine employee dignity while giving workers a voice in decisions and carrying out their roles. Leaders need to demonstrate how the work done by individuals serves the organization's vision and values, thus benefiting society.

University of St. Thomas professor Christopher Michaelson takes issue with business ethicists and organizational researchers who put all the burden for meaningful work on the organization. He argues that employees also have an ethical duty to seek meaningful work. "When we have the capacity to choose work," Michaelson says, "we have a

positive moral responsibility to choose work that is meaningful to our own and others' interests."[1] Failure to do so results in a wasted life, one that could have been put to better use by someone else. According to Michaelson: "If you waste your chance at life and work, you have always to think of someone else who would not have wasted your choice had it been theirs."[2]

Sources: Michaelson, C., Pratt, M. G., Grant, A. M., & Dunn, C. P. (2014). Meaningful work: Connecting business ethics and organizational studies. *Journal of Business Ethics, 121*, 77–90.

Rosso, B. D., Dekas, K. H., & Wrzesniewski, A. (2010). On the meaning of work: A theoretical integration and review. *Research in Organizational Behavior, 30*, 91–127.

Steger, M. F., Dik, B. J., & Duffy, R. D. (2012). Measuring meaningful work: The Work and Meaning Inventory (WAMI). *Journal of Career Assessment, 20*, 322–337.

Notes

1. Michaelson, C. (2010). Whose responsibility is meaningful work? *Journal of Management Development*, *30*, 548–557, p. 554.

2. Ibid., p. 554.

COMPONENT 2: IDENTIFYING PERSONAL VALUES

Personal moral values are "desirable goals, varying in importance, that serve as guiding principles in people's lives."[16] Values drive a good deal of our decision making and behavior on the job, including how hard we work, how we treat coworkers and subordinates, how we evaluate performance, and so on. For instance, those who put a high value on responsibility are rarely late to work and may show up even when they are sick. Those who place more value on enjoying life may skip work to go skiing or to the beach. We also use our values as standards to determine right from wrong and to set our priorities.

One way to identify or clarify the values you already have is by sitting down and generating a list. The odds are good that you'll have no trouble coming up with at least a few of your core values. Nevertheless, there may be some potentially important values that you overlook. For that reason, you might want to consider rating a list of values supplied by values experts. Duane Brown and R. Kelly Crace developed a widely used values system called the Life Values Inventory.[17] They identify the following as important values that drive decision making and behavior:

Achievement (challenges, hard work, improvement)

Belonging (acceptance, inclusion)

Concern for the environment (protecting and preserving)

Concern for others (wellbeing of people)

Creativity (new ideas and creations)

Financial prosperity (making money, buying property)

Health and activity (staying healthy and physically active)

Humility (modesty)

Independence (making own decisions and choosing own direction)

Loyalty to family or group (following traditions and expectations)

Privacy (time alone)

Responsibility (dependability, trustworthiness)

Scientific understanding (employing scientific principles in problem solving)

Spirituality (spiritual beliefs; connection to something greater than the self)

As an alternative to generating a list of values or selecting from a standardized list, some counselors suggest that you clarify your values by more indirect means. For example: (1) describe what you admire or dislike in others (these judgments are based on your values); (2) examine how you spend your discretionary time and money, as well as how you feel about the activities you enjoy or don't enjoy; (3) reflect on experiences with the environment (watching a sunset, for instance) that have been satisfying or dissatisfying; or (4) complete unfinished sentences about what makes you mad, happy, or sad.[18]

Industrial psychologists report that values play a critical role in person–organization fit .[19] *Person–organization fit* describes the degree of compatibility between an employee and the work environment. Those who share values in common with their

organizations have greater commitment and motivation, feel more successful, and experience less work stress and anxiety. They are also convinced that their organizations are more ethical. As a consequence, you should give careful attention to how your values mesh with those of your organization (see Application Project 3.3). If your values priorities agree with those of the larger group, you are well fitted to your organization. As a consequence, your job satisfaction is likely to be high.

One final note on personal values. Beware of placing too much importance on acquiring wealth and material possessions. Those driven by materialistic (external) values like financial success, status, fame, and personal image generally have a lower quality of life.[20] For example, they tend to be more depressed and anxious, experience more physical problems like backaches and headaches, are at higher risk for drug and alcohol abuse, have more trouble establishing lasting relationships, and suffer from low self-esteem. Materialistic individuals are also more likely to lie and manipulate others while ignoring the needs of the community and the environment. To avoid the dangers of materialism, focus on intrinsic values that are naturally satisfying and promote psychological health. These include values related to self-acceptance/personal growth (choosing what to do, following your curiosity); relatedness/intimacy (expressing love, forming intimate relationships); and community feeling/helpfulness (making other people's lives better, making the world a better place).

COMPONENT 3: DEVELOPING CHARACTER

As we saw in Chapter 1, Aristotle and Confucius argue that character plays an important role in ethical decision making and behavior. Your chances of making wise decisions and following through on your choices will be higher if you demonstrate positive moral traits or qualities. Modern scholars define virtues as "deep-rooted dispositions, habits, skills, or traits of character that incline persons to perceive, feel, and act in ethically right and sensitive ways."[21] It takes a long time for such qualities to develop. Being virtuous increases sensitivity to ethical issues and encourages moral behavior. While a virtue may be expressed differently depending on the situation, as Aristotle argued, the virtuous don't abandon their principles to please others or act civilly to some people but not to others. Aristotle identified 12 virtues: courage, temperance, liberality/big heartedness, magnificence/radiance, pride/self-satisfaction, honor, good temper, friendliness, truthfulness, wit, friendship, justice. Christians added faith, hope, and love to his list.[22] Later lists of virtues include compassion, generosity, empathy, hospitality, modesty, and civility.

Positive Psychology and Virtues

In recent years, virtues have also attracted the attention of positive psychologists. Positive psychologists take issue with the traditional approach of psychology, which tries to fix the weaknesses or deficiencies of people. They argue, instead, that it is more productive to identify and build on the strengths of individuals. Positive psychologists define virtues as morally valued personality traits. Introversion would not be considered a virtue because, although it is a personality trait, it is not considered ethically desirable or undesirable. Kindness, on the other hand, would be considered a virtue because compassion is honored in most cultures.[23] Positive organizational psychologists have identified six broad categories of character strengths, which share much in common with the lists of virtues noted earlier. These character strengths (described in Ethical Checkpoint 3.1) include (1) wisdom and knowledge—cognitive strengths that involve the acquisition and use of knowledge; (2) courage—emotional strengths that exercise the will to reach goals in the face of external and internal opposition; (3) humanity—interpersonal strengths that involve caring for and befriending others; (4) justice—civic strengths that make healthy community life possible; (5) temperance—strengths that protect against excess; and (6) transcendence—strengths that forge connections to the larger world and help supply meaning.[24]

Ethical Checkpoint 3.1

Character Strengths

1. Wisdom and knowledge

   Creativity: thinking of novel and productive ways to do things

   Curiosity: taking an interest in all ongoing experience

   Open-mindedness: thinking things through and examining them from all sides

   Love of learning: mastering new skills, topics, and bodies of knowledge

   Perspective: being able to provide wise counsel to others

2. Courage

   Authenticity: speaking the truth and presenting oneself in a genuine way

   Bravery: *not* shrinking from threat, challenge, difficulty, or pain

   Perseverance: finishing what one starts

   Zest: approaching life with excitement and energy

3. Humanity

Kindness: doing favors and good deeds for others

Love: valuing close relations with others

Social intelligence: being aware of the motives and feelings of self and others

4. Justice

   Fairness: treating all people the same according to notions of fairness and justice

   Leadership: organizing group activities and seeing that they happen

   Teamwork: working well as a member of a group or team

5. Temperance

   Forgiveness: forgiving those who have done wrong

   Modesty: letting one's accomplishments speak for themselves

   Prudence: being careful about one's choices; not saying or doing things that might later be regretted

   Self-regulation: regulating what one feels and does

6. Transcendence

   Appreciation of beauty and excellence: noticing and appreciating beauty, excellence, and/or skillful performance in all domains of life

   Gratitude: being aware of and thankful for the good things that happen

Hope: expecting the best and working to achieve it

Humor: liking to laugh and joke; bringing smiles to other people

Religiousness: having coherent beliefs about the higher purpose and meaning of life

Source: Peterson, C., & Pakr, N. (2009). Classifying and measuring strengths of character. In. S J. Lopez & C. R. Snyder (Eds.), *Oxford handbook of positive psychology* (2nd ed., pp. 25-33). New York: Oxford University Press, p.28. Used by permission.

Direct Approaches to Character Development

Strategies for fostering character development can be classified as direct or indirect. Direct approaches are specifically designed to promote virtues. For instance, a number of schools offer character education programs.[25] The most effective character education efforts don't tell children how to behave but instead engage students in debate, dialogue, case studies, role plays, self-evaluation, and problem solving. They introduce students to ethical issues suitable to their ages and stages of development. Teachers model desired behaviors, and character education is central to the school's purpose and mission. The integrative ethical education (IEE) model, used in Minnesota and elsewhere, ties character development to skill development.[26] Educators cultivate virtues by leading students through four levels of instruction. At Level 1, they help pupils recognize basic patterns by engaging them in a variety of activities. At Level 2, they focus students' attention on concepts and details to help them build a knowledge base. At Level 3, they coach the students, helping them set goals and practice their skills while solving problems. At Level 4, students begin to act on their own. They integrate their knowledge and skills to solve problems in a variety of situations. Building perseverance provides one example of the IEE model in action. To foster this virtue, instructors (1) assign pupils to find examples of individuals who demonstrate perseverance, (2) encourage learners to examine how their self-talk can help them succeed, (3) assign class members to interview adults about their perseverance, and (4) ask students to develop strategies for helping themselves reach an important goal.

For college and university students, experiential learning (particularly service learning) plays an important role in character development. Hands-on experience, coupled with reflection on those experiences, makes participants more sensitive to moral issues, broadens their perspectives, and increases their commitment to the community.[27]

(Those not enrolled in the traditional classroom can also develop virtues through serving others—see Case Study 3.1.)

Like educators, positive psychologists take a direct approach to character development.[28] The specific tactics they use vary depending on the particular virtue they want to build. For example, to foster optimism, they encourage clients to identify their negative thoughts ("I am a loser") and then convert them into more constructive thoughts ("I may have failed in this case, but I am successful in other activities"). To foster courage, they expose individuals to low-level threats and then expose them to progressively greater dangers. To foster humility, they encourage counselees to realistically assess their weaknesses as well as their strengths.

Indirect Approaches to Character Development

While the direct methods described in the previous section build character, virtues often develop indirectly as well, as a by-product or outcome of other activities. These indirect methods include developing habits, finding role models, telling and living collective stories, and successfully navigating the passages in our organizational lives.

Habits

If habits are the primary tools for building character, as Aristotle argued, then what kinds of habits should we practice? Examples of character-building habits include being honest in every transaction, no matter how small; never hiding the bad news from the boss; and treating every person with respect. Stephen Covey described seven habits that characterize highly effective, ethical individuals.[29] Each habit incorporates knowledge ("what to do" and "why"), skill ("how to do"), and desire ("want to do"). You can use Covey's list of habits as you strive to develop your character on the job.

Habit 1: Be proactive

Proactive people realize they are in charge of their lives; they can choose how they respond to events. When faced with a career setback, they try to grow from the experience instead of feeling victimized by it. Proactive individuals also take the initiative by opting to attack problems instead of accepting defeat. Their language reflects their willingness to accept rather than avoid responsibility. A proactive employee makes such statements as "Let's brainstorm some possible solutions" and "I can develop new sales

leads." A reactive worker makes comments such as "My boss won't go along with that idea," "I can't learn the new software program," and "That's just who I am." Those with a proactive orientation also seek to expand the circle of people they can influence.

Habit 2: Begin with the end in mind

This habit is based on the notion that "all things are created twice." First we get a visual picture of what we want to accomplish (a mental creation), and then we follow through on our plans (a physical creation). Inadequate mental creation is the cause of many organizational failures. Entrepreneurs fail to anticipate start-up costs, for instance, or to correctly identify markets for their products and services. On a personal level, if we're unhappy with the current direction of our lives, we can generate new mental images and goals, a process Covey calls *rescripting*. Discovering our vocation and identifying our values help us to isolate the results we want and thus control the type of life we create. Covey urges leaders to center their lives on inner principles such as fairness and human dignity rather than on such external factors as family, money, friends, or work.

Habit 3: Put first things first

Our time should be organized around priorities. Unfortunately, though, most of us spend our days coping with emergencies, mistakenly believing that urgent means important. Meetings, deadlines, and interruptions place immediate demands on our schedules, but other, less pressing activities, such as relationship building and planning, are more important in the long run. To be effective, we need to carve out time for significant activities by identifying our most important roles, selecting our goals, creating schedules that enable us to reach our objectives, and modifying plans when necessary. We can create space for important but not urgent items by learning to say no to requests that don't fit our

priorities. We'll also need to delegate more, outlining the results we want but letting others determine the methods they'll use to achieve these objectives.

Habit 4: Think win-win

Adopt a win-win perspective that reflects a cooperative orientation to communication. (I'll have more to say about cooperation in Chapter 8.) Be convinced that the best solution benefits both parties. The win-win habit is based on these dimensions: character (integrity, maturity, and a belief that the needs of everyone can be met); trusting relationships committed to mutual benefit; performance or partnership agreements that spell out conditions and responsibilities; organizational systems that fairly distribute rewards; and principled negotiation processes in which both sides generate possible solutions and then select the one that works best.

Habit 5: Seek first to understand, then to be understood

Put aside your personal concerns to engage in empathetic listening. Seek to understand the other party, not to evaluate, advise, or interpret. Empathetic listening is an excellent way to build a trusting relationship. Covey uses the metaphor of the emotional bank account to illustrate how trust develops. Principled individuals make deposits in the emotional bank account by understanding the other person, showing kindness and courtesy, keeping commitments, clarifying expectations, demonstrating personal integrity, and sincerely apologizing when they make a withdrawal. These strong relational reserves help prevent misunderstandings and make it easier to resolve any problems that do arise. Being understood is also important. You can't enter into win-win agreements unless the other party understands your position.

Habit 6: Synergize

Synergy creates a solution that is greater than the sum of its parts and uses right-brain thinking to generate a third, previously undiscovered alternative. Synergistic, creative solutions are generated in trusting relationships (those with high emotional bank accounts) where participants value their differences. You can eliminate those negative forces—distrust, fear—that block change by creating a setting where it is safe to talk about these forces and to come up with an agreement.

Habit 7: Sharpen the saw

Sharpening the saw refers to continual renewal of your physical, mental, social or emotional, and spiritual dimensions. Care for your body through exercise, good nutrition, and stress management. Promote your mental development by reading good literature and writing thoughtful messages and journal and blog entries. Create meaningful relationships with others, and nurture your inner or spiritual values through study or meditation and time in nature. Renewal should be balanced, addressing all four elements of the self. Be careful not to focus your efforts entirely on one dimension (say, physical fitness) because you will neglect your mental, social, and spiritual development.

Role Models

Virtues are more "caught than taught" in that they are often acquired through observation and imitation. We learn what it means to be courageous, just, compassionate, and honest by seeing these qualities modeled in the lives of others. Role models can be drawn from the people we know (managers, friends, teachers); historical figures; or contemporary political, business, and military leaders. For example, those interested in careers in government can turn to a set

of exemplars provided by the American Society for Public Administration.[30] These historical examples of virtue include Harvey W. Wiley, the chief chemist of the U.S. Department of Agriculture, who engineered passage of the Pure Food and Drug Act in 1906; Elmer Staats, former U.S. comptroller general (1966–1981), who used the General Accounting Office to root out corruption and inefficiency; William Ruckelshaus, the U.S. attorney general who refused to follow President Richard Nixon's orders to fire the independent prosecutor investigating the Watergate scandal; former surgeon general C. Everett Koop, who fought against smoking and for treatment of AIDS as a medical, not moral, problem in the 1980s; and Marie Ragghianti, a Kentucky official who, in 1977, uncovered a scheme by the governor of Kentucky to sell paroles.

Government ethics expert David Hart argues that it is useful to differentiate between different types of moral examples or exemplars.[31] Dramatic acts, such as when Southwest Airlines captain Tammie Jo Shults safely landed her plane after an engine exploded, capture our attention. However, if we're to develop worthy character, we need examples of those who demonstrate virtue on a daily basis. Hart distinguishes between moral episodes and moral processes. *Moral episodes* are made up of moral crises and moral confrontations. *Moral crises* are dangerous, and Hart calls those who respond to them "moral heroes." Syria's white helmets are such heroes. They rushed to the scene of bombings during that country's civil war to rescue those trapped in the rubble. *Moral confrontations* don't involve physical danger, but they do involve risk and call for "moral champions." Forensic pathologist Bennet Omalu emerged as a moral champion when he battled the National Football League in order to establish that concussions cause brain damage.

Moral processes consist of *moral projects* and *moral work*. Moral projects are designed to improve ethical behavior during a limited amount of time and require "moral leaders." A moral leader sets out, for example, to reduce gang activity, to feed the victims of a famine,

or to provide more affordable housing for low-income residents. In contrast to a moral project, moral work does not have a beginning or an end but is ongoing. The "moral worker" strives for ethical consistency throughout life. This moral exemplar might be the elementary school lunchroom supervisor who befriends her young diners or the retiree who faithfully delivers meals to shut-ins several times a week.

Hart believes that the moral worker is the most important category of moral exemplar because, as he points out, most of life is lived in the daily valleys, not on the heroic mountain peaks. Since character is developed over time through a series of moral choices and actions, we need examples of those who live consistent moral lives. Those who engage in moral work are better able to handle moral crises like war and genocide. Ethical Checkpoint 3.2 describes organizational members who routinely engage in moral work that benefits their coworkers and organizations.

Ethical Checkpoint 3.2

Toxin Handlers as Role Models

Emotional pain is part of all organizations. People bring their personal pain to work, such as when a teenager is arrested on drug charges or when a spouse files for divorce. Organizations generate pain through downsizing, mergers, redesigns, the sudden death of colleagues, competition for promotions and resources, betrayals, pay cuts, increased workloads, difficult coworkers, abusive or incompetent bosses, and so on. These factors generate anger, fear, sadness, bitterness, anxiety, and other toxic emotions. These negative feelings produce stress that damages the health and wellbeing of employees through illness and burnout. Organizational performance suffers because of low morale, absenteeism, turnover, gossip, and sabotage.

Toxin handlers are compassionate individuals who step in to reduce or buffer toxic emotions. They protect those who are hurting and help them confront and overcome their negative feelings so they can get on with their work. Toxin handlers recognize when colleagues are suffering. Not only are they genuinely concerned about the welfare of others, but they want to promote the health of the organization as a whole. These individuals assume the toxin handler role in addition to their official duties. They are able to do so because they are highly competent at their jobs. Toxin handlers risk burnout due to taking on the emotional and physical stress of colleagues. Further, their efforts often go unnoticed and unsupported.

Any organizational member, from entry-level employee to senior executive, can act as a toxin handler. But, regardless of organizational rank, toxin handlers reduce pain by

- *listening:* Toxin handlers make human connections through compassionate listening. They keep their office doors open, make time for visitors, and let others tell their stories. Those in pain walk away feeling heard and respected.
- *suggesting solutions:* Handlers offer solutions in addition to listening. They provide counseling and advice when needed. They will help a coworker who has been passed over for a promotion prepare for the next promotion, for instance, or facilitate communication between warring groups.
- *working behind the scenes to prevent pain:* Toxin handlers generally work quietly, finding ways to prevent additional suffering. They might secretly arrange the transfer of an employee to a less toxic department or place a struggling new hire with an experienced mentor.
- *carrying the confidences of others:* Those who absorb pain can be trusted to keep secrets. They provide sufferers with a safe place to vent, thus relieving their pain.
- *reframing difficult messages:* Toxin handlers frequently act as translators, "taking the heat" from a leader and restating abusive, hostile messages in a calmer, more respectful form, which keeps employees from feeling attacked.

Toxin handlers model courage, humility, and perseverance along with compassion. While we may never become as skilled as they are at reducing pain, we can take steps to follow their example by, for instance, making time for emotionally wounded colleagues, listening carefully to their stories, and keeping their secrets. We can also take steps to lower the risk of emotional burnout that comes from absorbing pain. Lessen your chances of emotional exhaustion through self-care—exercise, meditation, taking breaks, and learning to say "no" when the demands are too great. As an organizational leader, support toxin handlers, publicly acknowledging the important work they do while providing them with training and other resources.

Sources: Frost, P. J. (2003). *Toxic emotions at work: How compassionate managers handle pain and conflict*. Harvard Business School Press.

Frost, P. J. (2004). Handling toxic emotions: New challenges for leaders and their organization. *Organizational Dynamics, 33*, 111–127.

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Stories

Narrative is one of humankind's primary tools for understanding and experiencing the world. We tell stories, read stories, watch stories,

think in story form, and star in our dream stories. Narratives not only help us make sense of the world but also promote desired behavior.[32] The narratives told by our families, schools, and religious bodies are designed to impart values and to encourage caring, self-discipline, and other virtues. When we learn of the bravery of a distant relative, for instance, we get a better grasp of our family's heritage. At the same time, we are encouraged to follow our relative's example in order to maintain the family name. A similar process unfolds in the organizational setting. The story of a coworker who went to extraordinary lengths to serve a customer inspires us to do likewise. (See Chapter 9 for more information on organizational stories.)

Character growth comes not only from hearing narratives but also from "living up" to our roles in the stories we share with others. When we align ourselves with an organization, we become actors in its ongoing narrative. We should seek out organizations that will bring out the best in us or try to change the collective story of which we are a part.[33] (Turn to Case Study 3.2 to see how one organization is struggling to redefine its collective story.)

Literature can also enhance character development. Educator Stephan Ellenwood notes that literature mirrors the complexity of real life. Literature and biography introduce us to complicated individuals who, like us, must make judgments in specific situations. Wrestling with fictional moral dilemmas or reading about the struggles of historical figures can prepare us for the ethical issues we face both on and off the job. According to Ellenwood,

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> Sound moral choices depend on reflection, taking time, and active communication about nuances, connotations, understandings, and implications. In that context literature is an especially rich resource for truly understanding moral issues because good authors attend carefully to details and

complexity. Good stories do not provide quick fixes or simplistic solutions.[34]

When it comes to moral development, the best narratives are both vivid and vexing. Vivid stories, whether in literature, film, television, or video games, introduce characters we care about; vexing stories place characters in ethical situations that are difficult and challenging. These narratives provide us with opportunities to practice moral reflection and judgment in complex settings before we encounter them in life, much as simulators prepare pilots for flight emergencies.[35] They help us understand our possibilities and limits while escaping our old ways of thinking and acting.[36]

Passages

Intense experiences—those that push us out of our comfort zones—play a critical role in character development. These crossroads events, called *passages*, often result in failure. Important passages include diversity of work experiences (joining a company, accepting a major new assignment); work adversity (significant failure, losing a job, coping with a bad boss); diversity of life experiences (living abroad, blending work and family into a meaningful whole); and life adversity (death, divorce, illness).[37] (Case Study 3.3 describes the passages navigated by one popular figure.)

All types of passages offer significant potential for character growth if we negotiate them successfully through a nine-step process:

Step 1: Learn resilience. Don't define yourself as a failure when things go wrong, but remain optimistic and self-confident. Learn from your mistakes.

Step 2: Accept personal responsibility. Don't blame others or the organization for problems. You can learn and grow only if you take personal responsibility.

Step 3: Reflect. When confronted with a life passage, ask yourself why this happened, whether you contributed to the event, how you might have acted differently, and how you could go back and change something you said or did.

Step 4: Seek support from your partner, family, friends, and professionals. Avoid isolating yourself, which can lock you into a negative mind-set. Instead, be vulnerable to others and seek out emotional support.

Step 5: Develop and use a professional network. Networks can be sources of information, advice, and insights. Take advantage of these connections by asking questions and seeking help.

Step 6: Seek refuge. Passages are intense, so take time to get away to a relaxing location or immerse yourself in an enjoyable activity like sports, meditation, or yoga. You'll have more energy and insights when you return.

Step 7: Gain perspective. Use the pain of a passage experience to step back and take a broader perspective. Putting some distance between yourself and immediate issues can help you put difficult experiences into context. A bad boss may not be so threatening if you step back and realize that you are not defined by your job, for instance.

Step 8: Embrace retirement. Mastering a series of passages should provide you with the self-understanding and maturity you need to take on the next phase of life beyond work. This transition is much more difficult, though, if you have invested all your energies in your career.

Step 9: Pass on your experience. Take what you have learned and the character qualities you have developed, such as empathy and authenticity, and use them to help others who are going through similar passages.

COMPONENT 4: CREATING A MORAL IDENTITY

We are not likely to seek to discover our vocations, identify our values, or develop our character unless motivated to do so. The term *moral identity* describes one powerful motivating force behind ethical behavior. Psychologists treat moral identity as either a generalized personality trait or a cognitive framework. Antonio Blasi and others argue that those with high moral identity define themselves in terms of their ethical commitments and act consistently regardless of the situation. Moral principles and character traits are at the core of their being.[38] They feel compelled to act in ways that are consistent with their self-definitions, demonstrating highly developed willpower and integrity activated by a strong desire to do the right thing. For those with strong moral identity, to betray their ethical commitments is to betray themselves. They follow in the footsteps of Protestant reformer Martin Luther. When called upon to defend his radical religious beliefs in front of the Catholic hierarchy at the Diet of Worms, Luther declared, "Here I stand; I can do no other."

Moral exemplars like those described earlier have extremely high moral identities. Anne Colby and William Damon studied 23 contemporary moral exemplars and found no separation between these individuals' morality and their core identity.[39]

> Over the course of their lives, there is a progressive uniting of self and morality. Exemplars come to see morality and self as inextricably intertwined, so that concerns of the self become defined by their moral sensibilities. The exemplars' moral identities become tightly integrated, almost fused, with their self-identities.[40]

Participants in the Colby and Damon study were very clear about what they believed and then acted (often spontaneously) on their convictions. Most drew their moral beliefs from religious faith or faith in a higher power. They had a positive approach to life and defined success as pursuing their life mission. Their moral commitments extended well beyond those of ordinary citizens. They were devoted to significant, far-reaching causes like feeding the world's poor children and campaigning for human rights.

Colby and Damon offer some clues about how we might develop strong moral identity like the exemplars in their study. They note that some in their sample didn't take on their life's work until their 40s and beyond. This suggests that our moral identities can continue to develop well beyond childhood. The researchers also found that working with others on important ethical tasks or projects fosters moral growth by exposing participants to different points of view and new moral issues. We, too, can benefit by collaborating with others on significant causes, such as eliminating sexual slavery, building affordable housing for seniors, or fighting malaria. The key is to view these tasks not as a burden but as an opportunity to act on what we believe. Adopting a joyful attitude will help us remain optimistic in the face of discouragement.

Other psychologists view moral identity as only one of many identity frameworks. Instead of having one unitary "self," we have a variety of selves or identities that we activate depending on the context. At home, our child or parent self-identity is most important, for example, while our professional identity is more salient while at work. Unlike the trait researchers who focus on moral exemplars, these cognitive scholars are more interested in improving the moral motivation of average individuals. They suggest that elements of the situation can prime or activate our sense of moral identity.[41] When our moral identities are activated, we place more importance on behaving ethically, are more aware of demonstrating character traits like compassion and fairness, make better moral choices, and are less likely to excuse or justify our unethical behavior. Organizations

can enhance the moral motivation of their members by (1) creating climates where close, cooperative relationships can flourish; (2) providing opportunities for moral discussion and reflection; (3) continuously emphasizing values and mission; and (4) encouraging ongoing involvement in the local community.

COMPONENT 5: DRAWING UPON SPIRITUAL RESOURCES

Spirituality can play a significant role in our personal moral development as well as in the ethical development of our organizations. As we noted in the previous section, faith provides the foundation for the moral identity of a number of moral exemplars. For many, spirituality is key to discovering callings and identifying personal values. Investigators have also identified a number of links between spiritual values and personal and organizational performance. They report that spirituality enhances the following qualities[42]:

Altruism

Collaboration

Commitment to mission, core values, and ethical standards

Employee wellbeing

Ethical sensitivity

Job effort

Job involvement and commitment

Job satisfaction (even under adverse workplace conditions)

Loyalty

Meaningfulness of work

Moral reasoning

Morale

Organizational learning and creativity

Productivity and profitability

Quality of life

Sense of community

Social support

Trust

Willingness to mentor others

Given the relationship between spirituality and personal and collective performance, it's not surprising that there has been a surge of interest in spirituality in the workplace among both academics and practitioners. *The Leadership Quarterly*, *Journal of Organizational Change Management*, *Journal of Business Ethics*, *Journal of Management, Spirituality & Religion*, and other academic sources carry articles devoted to the topic. Thousands of Bible study and prayer groups meet in corporate settings. Spiritual seekers can find business and spirituality courses at a number of colleges and universities or attend conferences and seminars devoted to the subject. Tom's of Maine, Tyson Foods, Herman Miller, TDIndustries, Medtronic, Bank of Montreal, Ascension Health, and Eileen Fisher are just a few of the companies that base their organizational cultures on spiritual values.

One definition describes workplace spirituality as "the recognition that employees have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community."[43] The *inner life* refers to the fact that employees have spiritual needs (their core identity and values) just as they have emotional, physical,

and intellectual wants, and they bring the whole person to work. *Meaningful work* describes the fact that workers, are generally motivated by more than material rewards. They want their labor to be fulfilling and to serve the needs of society. *Community* refers to the fact that organization members desire connection to others. A sense of belonging fosters the inner life. It should be noted that religion and spirituality overlap but are not identical. Religious institutions encourage and structure spiritual experiences, but spiritual encounters can occur outside formal religious channels.[44]

Despite its benefits, there are reasons to be cautious about incorporating spirituality into the workplace.[45] First, there is a danger of proselytizing, as managers and entire companies try to convert workers to their particular religious or spiritual doctrines. This can lead to coercion, favoritism, and discrimination. Second, not all members will feel comfortable with incorporating spirituality into the workplace and may consider it a personal issue or an invasion of privacy. Others may sense a threat to their power and status. The third problem is the risk of using interest in spiritual topics as a management tool to manipulate employees or of treating spirituality as the latest management fad. Spirituality then becomes another way for leaders to exert power, power that extends into the personal lives of employees. Because spirituality appears to enhance productivity, it is tempting for leaders to focus on spiritual values not because they speak to inner needs but because they motivate employees to work harder. Fourth, authoritarian leaders may use spirituality to foster dependence in followers. There are ways to address the potential dangers of bringing spiritual concerns into the workplace. These include (1) accommodating the spiritual requests of all employees from all religious traditions; (2) respecting the spiritual diversity of employees; and (3) making openness and respect for diversity the center of organizational attention, allowing all employees the freedom to express their values and feelings.

Spiritual Disciplines

Practicing spiritual disciplines is one way to promote spiritual values and character development. Spiritual disciplines are "practices that sensitize and habituate the virtues of their members toward good ends."[46] Writer Richard Foster identifies 12 such disciplines.[47] While Foster draws from Christian thought, these disciplines are used in a variety of spiritual traditions and don't require faith in a supreme being. The first four disciplines are inwardly focused, largely invisible to outside observers. The second four disciplines, while reflecting inner states, take form in outward action. The last four disciplines are collectively practiced by the organization as a whole.

Inward Disciplines

1. *The Discipline of Meditation:* silent contemplation and reflection; getting in touch with a larger force; gaining insights for living

2. *The Discipline of Prayer:* communion with God or a higher power; interceding for others; receiving guidance

3. *The Discipline of Fasting:* abstaining from food for spiritual purposes (e.g., to focus on God or a greater force; to overcome anger and bitterness)

4. *The Discipline of Study:* careful analysis of important spiritual texts as well as nature, events, and people

Outward Disciplines

5. *The Discipline of Simplicity:* living without attachment to things; freedom from anxiety; giving goods to others

6. *The Discipline of Solitude:* quiet moments during the day; silent periods alone; listening carefully

7. *The Discipline of Submission:* letting go of the need to have our own way; performing acts of kindness for family, coworkers, and others

8. *The Discipline of Service:* engaging in regular, humble (often hidden) acts of service—courtesy, hospitality, listening, caring for the pain of others

Corporate Disciplines

9. *The Discipline of Confession:* humbly admitting collective shortcomings; accepting others

10. *The Discipline of Worship:* welcoming new ideas and positive changes; approaching others in a friendly manner

11. *The Discipline of Guidance:* discerning ideas and direction as a community; involving organizational members in decisions

12. *The Discipline of Celebration:* publicly acknowledging improvements; celebrating positive changes as a group

Spiritual WellBeing

Workplace spirituality expert John Fisher and his colleagues offer a model of spiritual health as a way to track our personal spiritual progress.[48] They believe that spiritual health is key to overall health and wellbeing. It is linked to, and ties together, the other dimensions of wellbeing—physical, mental, emotional, social, vocational. Spiritual health, in turn, is made up of four domains. The *personal* domain addresses an individual's meaning, purpose, and values in life and creates self-identity. The *communal* domain deals with the depth and quality of interpersonal relationships and ties to morality and culture. Communal values include love, justice, hope, and faith in humankind. The *environmental* domain incorporates care and nurture for the natural world, a sense of awe and wonder, and connection with the environment. The *transcendental* domain describes the relationship between the self and something or someone beyond humanity, a Transcendent Other (e.g., God, cosmic force). This domain is reflected in faith and adoration for this larger force.

Many people place priority on one domain over the others. *Personalists* see the personal domain as their measure of spiritual health. They rely on themselves and focus on discovering their own purpose and values. *Communalists* focus on harmony in relationships with others. To these individuals, spiritual health is built through relationships. *Environmentalists* see nature as the measure of spiritual health. They are in tune with nature and are inspired by it. (Many Indigenous peoples would fall into this category.) *Religionists* focus on the transcendental domain. Faith is key to them, and they are most interested in communicating with a larger force. According to Fisher and his colleagues, those with the best spiritual health score high in all four dimensions. Complete the Spiritual WellBeing Questionnaire in Self-Assessment 3.2 to assess your level of spiritual wellbeing.

Self-Assessment 3.2: Spiritual WellBeing Questionnaire

Instructions

This questionnaire explores your views on the term *spiritual*. Assess each item against the question "How much is this a component of spirituality?" For each item, respond using the scale from 1 (*very little*) to 5 (*very much*).

Statements	Very Little	Little	Medium	Much	Very Much
1. Celebrating significant moments	1	2	3	4	5
2. Zest for life	1	2	3	4	5
3. The place of obedience in living	1	2	3	4	5
4. Valuing personal	1	2	3	4	5

Statements	Very Little	Little	Medium	Much	Very Much
instincts					
5. Awareness of life's mysteries	1	2	3	4	5
6. Appreciating life as it happens	1	2	3	4	5
7. Justice	1	2	3	4	5
8. Honesty	1	2	3	4	5
9. Experiencing drama	1	2	3	4	5
10. Experiencing art	1	2	3	4	5
11. Trust between individuals	1	2	3	4	5

Statements	Very Little	Little	Medium	Much	Very Much
12. Forgiveness between individuals	1	2	3	4	5
13. Appreciating the natural environment	1	2	3	4	5
14. Moments of solitude	1	2	3	4	5
15. Appreciating beauty	1	2	3	4	5
16. Having responsibilities	1	2	3	4	5
17. Scientific understanding of the universe	1	2	3	4	5
18. Admiring something	1	2	3	4	5

Statements	Very Little	Little	Medium	Much	Very Much
19. Religious belief	1	2	3	4	5
20. Belonging to a faith community	1	2	3	4	5
21. Perception of living as a response to God (Other)	1	2	3	4	5
22. Personal relationship with God (Other)	1	2	3	4	5
23. Reverence to God (Other)	1	2	3	4	5
24. Admiring God (Other)	1	2	3	4	5

Scoring

Add up your score for each domain and then add up the domain scores to come up with a total score. Higher scores indicate that you give priority to that domain. Your total score reflects your overall spiritual wellbeing.

Personal wellbeing: items 1–6 _____ (range 6–30)

Communal wellbeing: items 7–12 _____ (range 6–30)

Environmental wellbeing: items 13–18 _____ (range 6–30)

Transcendental wellbeing: items 19–24 _____ (range 6–30)

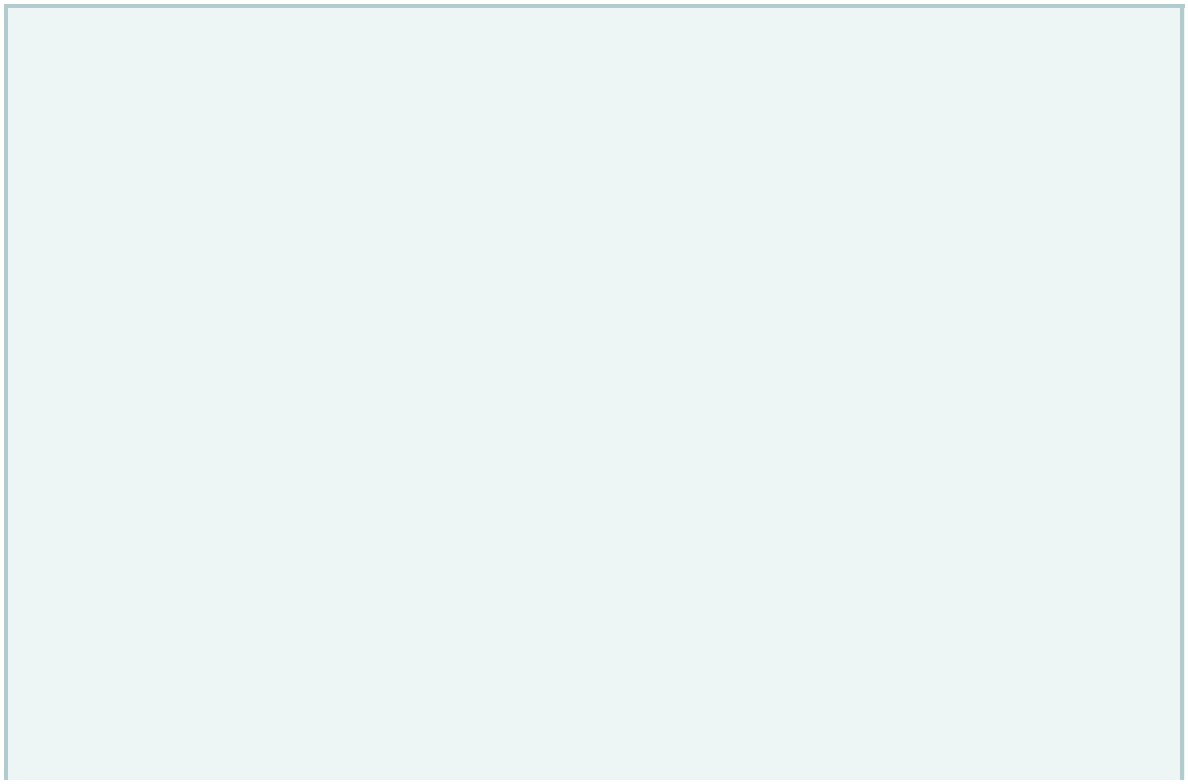
Total wellbeing _____ (range 24–120)

Source: Adapted from Fisher, J. W., Francis, L. J., & Johnson, P. (2000). *Assessing spiritual health via four domains of spiritual wellbeing: The SH5DI. Pastoral Psychology,* 49, 133–145.

It is also possible to measure the spiritual health of our workplaces. The following values are markers of spiritual progress. The more your organization demonstrates these commitments, the greater its level of spiritual wellbeing.[49]

1. *Benevolence:* kindness toward employees; desire to promote their happiness and wellbeing

2. *Generativity:* interest in leaving something worthy behind for those who follow; mentoring; active care for the environment
3. *Humanism:* practices and policies that promote personal growth; concern for the entire person; blurring of work and family life
4. *Integrity:* focus on wholeness; alignment of personal and organizational values; consistent policies
5. *Justice:* fair treatment of employees; impartial decision-making processes
6. *Mutuality:* feelings of interconnection and interdependence; meaningful work; cohesive work groups with control over their goals/tasks
7. *Receptivity:* flexible thinking; open-mindedness; creativity
8. *Respect:* demonstration of consideration and concern for others; valuing employees
9. *Responsibility:* independent follow-through on goals; empowerment; ability to overcome obstacles
10. *Trust:* confidence in fellow workers and the organization as a whole



Chapter Takeaways

- Components of personal moral development are essential to improving ethical performance.
- Discovering your vocation means determining your purpose in life. Callings involve action; generate a sense of purpose, mission, and meaning; and are directed at making the world a better place.
- To discern your calling, demonstrate a commitment to finding meaning in life, be attentive to calling cues, experiment with new paths, and grow in self-understanding. Practical steps for discovering callings include (1) take stock of your strengths and interests; (2) identify your specific concern for others, as well as your interests; (3) create a personal mission statement; (4) develop an action plan; and (5) locate a job where your gifts, concerns, and interests can be put to best use.
- If life circumstances interfere with your ability to follow your vocation, you may need to recraft your job to create a better fit with your current work environment.
- Moral values serve as guiding principles that drive behavior and help us determine right from wrong. If your principles agree with those of your organization, you will experience a better fit, helping you feel more committed to the group and more satisfied with your job.
- Materialistic or external values generally lead to a lower quality of life. Focus instead on internal values related to self-acceptance/personal growth (choosing what to do,

following your curiosity), relatedness/intimacy (expressing love, forming intimate relationships), and community feeling/helpfulness (making other people's lives better, making the world a better place).

- High moral character will better enable you to make wise ethical choices. Direct approaches to character building include formal character education programs and psychological interventions designed to develop specific virtues. You can also foster the virtues that make up character though such indirect means as (1) developing moral habits, (2) observing and imitating ethical role models, (3) telling and living collective stories, and (4) learning from passage experiences.

- Moral identity motivates ethical behavior. From a traits perspective, those with high moral identity define themselves in terms of their ethical beliefs and feel compelled to act on those commitments. You can foster your moral identity throughout your life. Work with others on important ethical projects and join organizations that heighten your awareness of your ethical values. From a cognitive perspective, moral identity is one of our many "selves" that can be activated by elements of the situation, such as close relationships, moral discussion, focus on mission and values, and involvement in the community.

- Spirituality can play an important role in your moral development and that of your organization. Organizational spirituality recognizes the importance of inner needs, meaningful work, and community. Both personal and organizational spirituality can be nurtured through the practice of spiritual disciplines. However, when addressing spirituality in the workplace, don't

impose one particular set of spiritual values but respect and foster religious and spiritual diversity.

- You can determine your personal spiritual health along four dimensions: personal, communal, environmental, and transcendent. You can measure your organization's spiritual progress by its policies and practices that support spiritual values.

Application Projects

1. Use the steps outlined in the chapter to identify a job that fits your vocation. As an alternative, develop a strategy for recrafting your current position to better fit your calling.
2. With classmates, create a list of six to eight virtues that you think are most important in the workplace. Present your list and defend your choices to the rest of the class.
3. How do your values impact your behavior at work? What values conflicts do you have with coworkers? How good is the match between your values and those of your employer? Write up your conclusions.
4. What habits do you want to develop? How will you go about developing them?
5. Analyze a popular television drama from an ethical perspective. Identify the issues raised by the program, the values it promotes, and the virtues and vices demonstrated by the important characters.
6. Identify some key passages in your life. What have you learned from these experiences?
7. Develop a case study based on someone you consider to be an outstanding moral example. How does this person demonstrate virtues and high moral identity? What factors contributed to this person's moral development? What do you learn from this person's example that can help you develop your character and moral identity?
8. Do you practice any of the spiritual disciplines? What impact do they have on your attitudes and behavior?
9. Complete Self-Assessment 3.1. What do the results tell you about your vocation and where you might be most productive? Discuss your conclusions with a friend. Or complete Self-Assessment 3.2. What do your results

reveal about your spiritual wellbeing? Did you score higher in one domain than the others? How did you rate your overall spiritual health?

10. Evaluate the spiritual health of an organization you belong to using the values described in this chapter.

Case Study 3.1: Killers as Caregivers: California's Prison Gold Coats

America's prison population is aging rapidly. Between 1985 and 2010, the number of inmates 55 or older quadrupled. By 2013, about 10% were 55 or older. By 2030, older prisoners are expected to make up one-third of the inmate population. (Some states classify prisoners over 50 as elderly because they age up to 15 years faster than the rest of the population.)

Older inmates are more prone to dementia than those living outside prison walls. They generally have more risk factors, such as limited education, smoking, depression, substance abuse, and head injuries due to violence. In addition, they lack the stimulation—challenging jobs, healthy social connections, leisure activities—that slow the onset of Alzheimer's. Caring for prisoners with dementia is expensive, costing up to nine times as much as for younger, healthier inmates. They must be protected from other prisoners who bully and steal from them. Often paranoid or confused, those with dementia may attack other inmates or spark fights by wandering into the wrong cell. They are at risk for punishment because they may refuse to obey orders or fail to follow simple commands like dropping to the ground.

At the California Men's Colony and other state prison facilities, inmates serve as caregivers for demented prisoners. These Gold Coats (named for the yellow coats that contrast with traditional blue prison garb) get up early every morning to assist their fellow prisoners, helping them shower, shave, apply deodorant, and get dressed while cleaning up after them if they urinate or defecate on the floor. They make sure

that their charges receive their medications, get enough to eat, and are protected from other convicts. Gold Coats go with their clients to doctors' appointments as well as to exercise and activities classes designed to stimulate their memories.

Inmates must have a clean record for 5–10 years in order to qualify to become a Gold Coat. They then receive extensive training. California Men's Colony Gold Coat program coordinator Dr. Cheryl Steed provides participants with information on dementia, how to communicate with patients who are cognitively impaired, and how to avoid caregiver burnout. The local chapter of the Alzheimer's Association supplies a video produced for the program as well as a manual on dementia.

Many Gold Coats are convicted murderers. One beat a man to death with a hammer. Another killed a hitchhiker who stole his car. Another stabbed his sister-in-law to death because she wouldn't give him alcohol, and then tried to kill his wife. At first Alzheimer's Association female staff members doubted that they would be safe at a men's prison or that violent felons could be sensitive caregivers. They were surprised. Often prisoners are more receptive to their advice because they have fewer emotional ties to patients than family members. Dr. Steed acknowledges that the Gold Coats "did something horrible to end up here" but notes that they are essential to providing care for dementia patients given limited prison staff.

Gold Coats do earn more money than other prisoners and may have a better chance at parole. However, they are often accused by fellow inmates of being snitches who cooperate with their jailers. Feedback from Gold Coats reveals that they participate because they want to redeem themselves from their pasts. They want to feel "human" again, to live up to

the trust that outsiders have placed in them. As caregivers, they learn how to be patient and flexible, developing empathy. Practicing compassion, perhaps for the first time in their lives, can be transformational. Said one convicted murderer serving as a Gold Coat: "I didn't have any feelings about other people. I mean, in that way, I was a predator. Now I am a protector."[1]

Families don't seem bothered by the fact that their loved ones are being cared for by violent offenders. In one case, a family declined the prison's offer to parole their relative, noting: "To be honest, the care he's receiving in prison, we could not match."[2]

Discussion Probes

1. Are you surprised that violent inmates can be such effective caregivers?
2. Would you be uneasy knowing that a convicted murderer was taking care of your imprisoned family member?
3. Is the Gold Coat program evidence that compassion can be learned?
4. How should we view the Gold Coats? As killers, as caregivers, or as both?
5. Can helping others make up for past misdeeds in our own lives or in the lives of others?

Sources: Bernstein, S. (2018, June 19). California deals with dementia among aging inmates. *Reuters*.

Ewing, M. (2015, August 27). When prisons need to be more like nursing homes. *The Marshall Project*.

Steed, C. (2017, March 26). Can altruism be learned? *TED Radio Hour*.

Notes

1. Belluck, P. (2012, February 25). Life, with dementia. *The New York Times*.

2. Ibid.

Case Study 3.2: Mural, Mural on the Wall: The Fight's Not Over

Battles over removing offensive statues and artwork generally pit conservatives versus liberals. Many conservatives protested the removal of Confederate statues in New Orleans, for example, a move supported by the city's liberal mayor. Those holding more traditional values believed that photographer Robert Mapplethorpe's work (which often featured sadomasochism) was obscene, a view not shared by more tolerant museum and gallery directors. Yet, in San Francisco, the fight over what to do about offensive art is not being waged by those on the left and the right. Instead, liberals are battling other liberals.

A mural made up of 13 panels at San Francisco's George Washington High School, known as "The Life of Washington," is at the center of the controversy. Painted by Victor Arnautoff (an avowed Communist) in 1936 as part of the New Deal Works Progress Administration, the frescoes are critical of the first president. They depict Washington as a slaveholder who promoted mistreatment of Indigenous Americans. Nevertheless, many students, parents, African Americans, and tribal members find the mural racist and demeaning, believing that the artwork is an outdated remnant of the past. To them, removing the painting will help right an historic wrong. They find three panels particularly offensive. One depicts Washington's slaves, another shows an Indigenous American carrying a scalp, and a third shows a dead Indigenous American at Washington's feet. One junior at the school complained that the images were hurtful to a number of minority students and that students "should never have to hear 'I'll meet you at the dead Indian.'"[1]

Under pressure from mural opponents, the San Francisco school board decided to paint over the panels, which sparked a storm of protest. Critics argued that removing the mural was a form of censorship. They quoted Henry Louis Gates (an African American), who said, "Censorship is to art as lynching is to justice."[2] Preservationists, seeking protection for a valuable piece of Depression-era art, threatened a lawsuit or to place the issue on the ballot. In response, the board reversed its earlier decision, deciding to cover up the mural with wooden panels while digitizing the images so that they could still be viewed by the public. (The panels may later be moved elsewhere in the city.)

The compromise disappointed both sides. The Mayagna/Seneca tribe, worried that the mural would be uncovered at some point, vowed to fight on. An African American school board member who voted against the cover-up claimed that saving the mural puts "art over humanity." On the other hand, the president of the local branch of the National Association for the Advancement of Colored People (NAACP) argued that the mural is a reminder of racist history, which should remain visible. Actor Danny Glover, a graduate of Washington High, compared the cover-up to book burning, declaring, "The responsibility of art is to make us feel uncomfortable."[3] The president of a group formed to protect the murals didn't rule out further legal or political action, including a ballot initiative. Another preservationist urged voters to recall the school board.

Discussion Probes

1. Does the mural attack or reinforce racism?
2. Do you think the meaning of the story told by the mural has changed over time? If so, how?
3. Do you think the panels make it difficult for some students to live out their part of the collective story of Washington High School?
4. Does saving the mural privilege "art over humanity"? Why or why not?
5. Should the stories told by art make us uncomfortable?
6. Did the school board make the right decision? Why or why not?

Source: Wick, J. (2019, August 13). What will become of San Francisco's controversial George Washington mural? *Essential California Newsletter*.

Notes

1. Pogash, C. (2019, August 15). San Francisco board votes to hide murals. *The New York Times*.

2. Tucker, J. (2019, July 9). San Francisco school board votes to destroy controversial Washington High mural. *San Francisco Chronicle*.

3. Larsen, K. (2019, August 13). *San Francisco school board reverses decision to paint over controversial mural*. KGO.

Case Study 3.3: "Notorious RBG": Supreme Court Justice as Cultural Icon

Supreme Court justice Ruth Bader Ginsburg was a most unlikely cultural icon. Her image—with owlish glasses and signature lace collars—was plastered on Instagram and T-shirts ("Can't Spell Truth Without Ruth"), tattooed on arms, and featured in Valentines and greeting cards. Some referred to her as "the notorious RBG," drawing a humorous (and admiring) contrast between the diminutive Jewish grandmother in her 80s and the 300-pound dead rapper The Notorious B.I.G. Those who knew RBG were puzzled by her fame. Said one of her former clerks, "It's hard for me to think of someone less likely to care about being a cult figure. I would not have thought of her as hip."[1] For decades she was dismissed by critics as dull and boring, a "schoolmarm" who was not a radical enough feminist.

RBG's popularity stemmed in large part from her dissents on the bench, making her a hero to many who objected to recent court rulings. Ginsburg was the most outspoken and prominent liberal on the panel, which has shifted to the conservative right. When the court struck down portions of the Voting Rights Act, in her dissent RBG defended the act as one of the most "justified exercises of federal legislative power in our Nation's history" and worried that discriminatory history would repeat itself.[2] When the court denied a woman's claim for equal pay on the basis that she had waited too long to sue, RBG declared, "the court does not comprehend or is indifferent to the insidious way in which women can be victims of pay discrimination."[3]

Ginsburg's life was marked by a series of passages, many of them extremely challenging. Her mother, the most inspirational person in her life, died the night before her high school graduation. She was one of only nine women to be enrolled in Harvard Law School. There the school dean asked her and the other female students how they could justify taking the place of a man. Her second year in law school, Ruth's husband Marty came down with cancer. Ruth cared for Marty, typing up class notes for him while raising her infant daughter and taking her own classes. (She did well enough to earn a spot on the *Harvard Law Review*.)

RBG transferred to Columbia University School of Law when Marty graduated and took a job in New York City. She graduated top of her Columbia class but struggled to find work because she was a Jewish woman with a young child. Ginsburg only got a federal court clerkship after one of her professors threatened never to recommend another clerk if she wasn't hired. Shortly thereafter, she left her family to spend a year in Sweden studying that country's legal system.

In 1963, she became the second woman to be hired full-time at Rutgers Law School where she successfully sued the university for paying women less than men. (When hired, the dean told her she deserved low pay because her husband had "a very good job.") Ginsburg then became the first tenured female law professor at Columbia. During this period, she also took on a new role, becoming director of the American Civil Liberties Union's Women's Rights Project. Later she served as a federal court judge and was only the second woman ever appointed to the Supreme Court. Her beloved husband Marty died of cancer in 2010. Over the years she battled pancreatic, colon, and lung cancer, enduring surgery, chemotherapy, and radiation.

RBG's mission throughout her career was been to use the courts to include those left out by the framers of the Constitution—Indigenous peoples; minorities; individuals who identify as lesbian, gay, bisexual, transgender, or queer; and, particularly, women. She was first to offer a course on women and the law and compiled the first sex discrimination casebook. While at the Women's Rights Project she argued and won a number of cases before the Supreme Court. She based her arguments on the 1964 Civil Rights Act, which granted women the same protections as men. Many called her the "Thurgood Marshall" of women's rights. (Marshall led the legal fight for civil rights and was also appointed to the Supreme Court.)

After becoming a federal judge, RBG wrote the majority opinion requiring the Virginia Military Institute to admit female cadets and continued to speak on women's rights. As Supreme Court justice, she opposed limits on abortion, attempts by employers to deny contraceptive coverage to female employees, and restrictions on voting rights. She was the first Supreme Court justice to preside at a same-sex wedding.

Ginsburg worked right up until her death in 2020, promoting equality under the law for as long as could. She worked out regularly with a trainer, kept a packed schedule, and rarely missed a court session. [Biographers marveled at RBG's work ethic and her ability to function with only a couple of hours of sleep a night.] Following her death from cancer, Ginsburg was the first woman and person of Jewish ancestry to lie in state at the nation's capital.

Discussion Probes

1. Why do you think Justice Ginsburg was such a popular figure?
2. What qualities enabled RBG to grow from her life passages?
3. How do passages like those faced by Justice Ginsburg (if successfully navigated) promote character growth?
4. What character traits did RBG demonstrate?
5. How does RBG serve as a role model? What can we learn from her life that we can apply to our character development?

Sources: De Hart, J. S. (2018). *Ruth Bader Ginsburg: A life*. Alfred Knopf.

Hirshman, L. (2015). *Sisters in law: How Sandra Day O'Connor and Ruth Bader Ginsburg went to the Supreme Court and changed the world*. HarperPerennial.

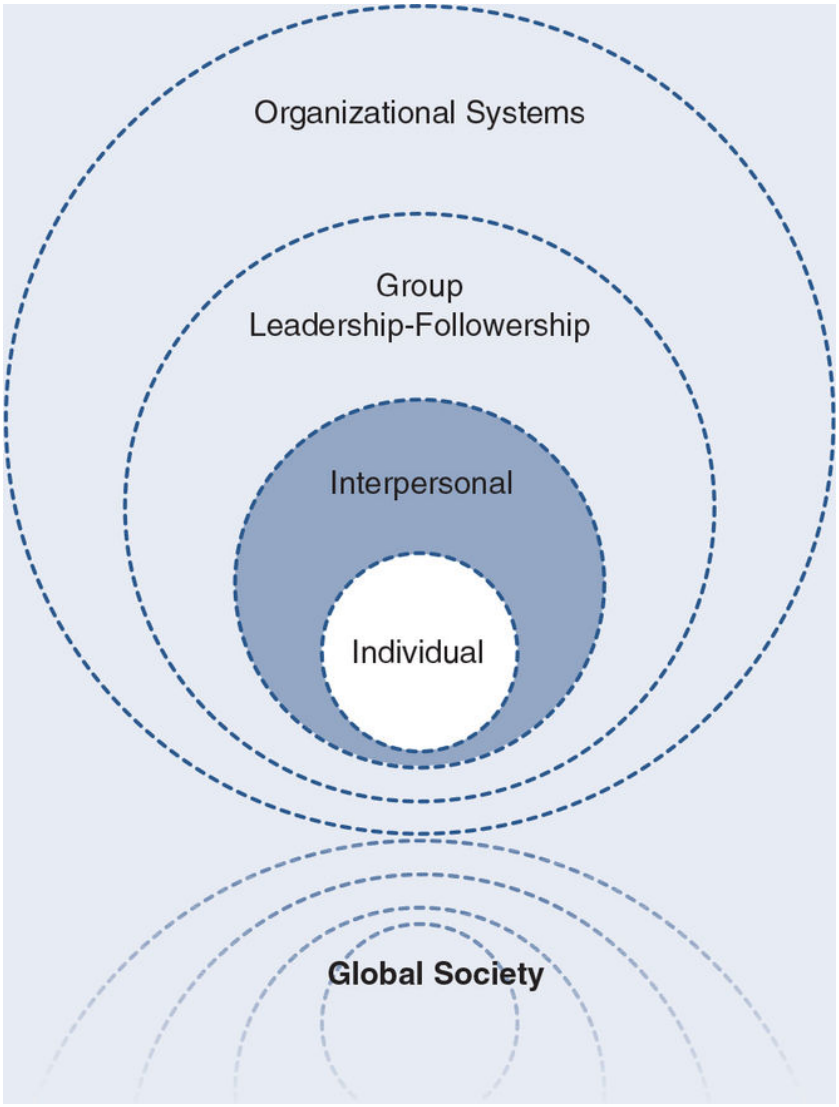
Notes

1. Carmon, I., & Knizhnik, S. (2015). *Notorious RBG: The life and times of Ruth Bader Ginsburg*. HarperCollins/Dey Street, p. 9.

2. Ibid., p. 144.

3. Ibid., p. 137.

PART TWO PRACTICING INTERPERSONAL ETHICS IN THE ORGANIZATION



Description

Descriptions of Images and Figures

Back to Figure

Starting from the innermost layer of the onion chart and moving outward, the levels of organizational ethics are listed as follows:

- Individual
- Interpersonal
- Group Leadership-Followership
- Organizational Systems

Individual is shaded in a light color and Interpersonal is shaded in a dark color. A mirror image of the chart is labeled global society.

A mirror image of the chart is labeled "Global Society." In the mirror image, the Individual level is completely visible and the boundaries of the remaining levels are partially visible.

CHAPTER 4 ETHICAL INTERPERSONAL COMMUNICATION

Learning Objectives

- Define monologue, technical dialogue, and dialogue.
- Identify immediacy behaviors.
- Explain why mindfulness is critical to interpersonal dialogue.
- Describe the components of effective listening.
- Contrast disconfirming and confirming responses.
- Analyze an encounter using emotional intelligence guidelines.
- Develop personal and organizational trust-building strategies.
- Outline tactics for improving the ability to give and receive feedback.

Chapter Preview

Dialogue: An Ethical Framework for Interpersonal Communication

Ethical Communication Competencies

- Immediacy Behaviors
- Mindfulness
- Effective Listening
- Self-Disclosure
- Confirmation
- Emotional Intelligence
- Trust Building
- Giving and Receiving Feedback

Chapter Takeaways

Application Projects

Communication is a logical starting point for any consideration of ethical relationships because organizational partnerships are created through verbal and nonverbal messages. If we want to establish and maintain healthy relationships, we must adopt a moral stance toward our communication with others and master communication skills that foster ethical interactions and decisions.

DIALOGUE: AN ETHICAL FRAMEWORK FOR INTERPERSONAL COMMUNICATION

The outcome of any conversation is largely dependent on the attitude we bring to the encounter. Consider how you respond to a request from a coworker you respect as compared to one you distrust, for instance. You're likely to be more friendly and helpful to the former than to the latter. The 20th-century German philosopher Martin Buber argued that our attitudes also set the moral tone for our conversations. He identified two primary human attitudes or relationships: I-It and I-Thou.[1] Communicators in I-It relationships treat others as objects. Centered on their own needs, they are not really interested in the ideas of their conversational partners. Participants in I-Thou (I-You) relationships, in contrast, treat others as unique human beings. They are genuinely committed to understanding the perspectives of their fellow communicators.

Buber identifies three types of communication that reflect varying degrees of interest in the self or the other. *Monologue* is self-centered, I-It communication. At its worst, monologue is characterized by deception, exploitation, coercion, and manipulation. *Technical dialogue* reflects a more neutral stance toward self and other. In this type of interaction, the focus is on gathering and processing information. *Dialogue* is the product of an I-Thou relationship. Dialogue occurs between equal partners who focus on understanding rather than on being understood. Together they create meaning.

All three forms of communication have their place in the organization. There are times when we legitimately engage in monologue to meet our needs, such as when we desire emotional support. Technical dialogue enables us to get our work done, and we spend the vast majority of our time sending and receiving information-centered messages. However, dialogue has the most potential to build

productive relationships and organizational communities. Entering into I-Thou relationships heightens self-esteem by reaffirming the worth of both parties, strengthens interpersonal bonds, and promotes understanding and learning. Yet, before we can pursue dialogue, we need to clear up some common misconceptions about this form of communication, clarify its unique characteristics, and identify the ethical demands it makes of us.

Dialogue is frequently misunderstood. It is *not* merely venting one's feelings (that is a form of monologue). Successful dialogue focuses on what happens between communicators based on the meanings and understandings they jointly develop. For that reason, dialogue can't be forced; it can only be encouraged, and may occur infrequently. Communication scholar John Stewart urges us to "open a space" for dialogue.[2] Opening this space takes three elements. First, we need to develop the right competencies, including a willingness to engage in dialogue and to seek continuous improvement. Second, we should enter encounters with what Stewart terms a *default dialogue index*, which means we should employ behaviors associated with I-Thou communication, like committing ourselves to being good listeners and treating others with respect, even when engaged in technical dialogue. Third, when the other person appears open to engaging in dialogue, we need to take advantage of this opportunity.

Dialogue is not limited to friendly interactions between friends or intimates. Instead, dialogue is most powerful when acquaintances profoundly disagree but remain in an I-Thou relationship. Buber urged discussants to walk "a narrow ridge" between extreme positions, avoiding the temptation to take up residence in one opposing camp or another.[3] They should stand by their convictions while remaining open to the positions of others. Buber had this type of relationship with Mahatma Gandhi. The two disagreed about whether violence should be used against the Third Reich in World War II. Gandhi urged nonviolent tactics, while Buber (who suffered persecution as a Jew) was convinced that such strategies would not sway the Nazis. Finally, it should be noted that dialogue does not assume that all people are

good. Buber recognized that every person has a dual nature that consists of good and evil. Engaging in dialogue is one way to nurture the positive dimension of persons.

Communication experts Kenneth Cissna and Robert Anderson outline the following as characteristics of interpersonal dialogue[4]:

- *Presence*. Partners in dialogue are less interested in a specific outcome than in working with others to come up with a solution. Their interactions are unscripted and unrehearsed.
- *Emergent unanticipated consequences*. Dialogue produces unpredictable results that are not controlled by any one party.
- *Recognition of "strange otherness."* If dialogue is to flourish, discussants must refuse to believe that they already understand the thoughts, feelings, or intentions of others, even people they know well. Instead, they are tentative, continually testing their understanding of the perspectives of other group members and revising their conclusions when needed.
- *Collaborative orientation*. Dialogue demands a dual focus on self and others. Participants concentrate not on winning or losing but on coming up with a shared, joint solution that preserves the relationship.
- *Vulnerability*. Dialogue is risky because discussants open their thoughts to others and may be influenced by the encounter. They must be willing to change their minds and to be changed as persons.
- *Mutual implication*. Speakers engaged in dialogue always keep listeners in mind when speaking. In so doing, they may discover more about themselves as well.

- *Temporal flow*. Dialogue unfolds over time—drawing from the past, filling the present, and leading to the future. It is a process that can't be cut into segments and analyzed.

- *Genuineness and authenticity*. Participants in dialogue give each other the benefit of the doubt, assuming that the other person is being honest and sharing from personal experience. While speakers don't share all their thoughts, they don't deliberately hide ideas and feelings that are relevant to the topic and to the relationship.

We have to make several ethical commitments if we hope to engage in the kind of conversation described by Cissna and Anderson.[5] First, we must be committed to the good of others in order to treat them as unique beings. Second, we need to value relationships and the common good, recognizing that organizations are made up not of autonomous individuals but of people living in relation to one another. Third, we have to be open to influence and be willing to take criticism. Fourth, we ought to allow others to hold and express opinions different from ours. Fifth, we have to commit ourselves to honesty, not just during dialogue but also when we engage in monologue and technical dialogue. We often need to get others to follow our directions or to change their opinions. However, let's not disguise our motives by pretending to engage in dialogue when we really only want to get our way. Sixth, we need to invest ourselves in the hard work of dialogue. Focusing on the needs and positions of others takes a good deal of time and energy, as does mastering the necessary communication competencies to make dialogue successful.

ETHICAL COMMUNICATION COMPETENCIES

While dialogue can't be forced, it is much more likely to take place when we have the necessary competencies. Productive communication behaviors that foster I-Thou relationships include immediacy behaviors, mindfulness, effective listening, appropriate self-disclosure, confirmation, emotional intelligence, trust building, and giving and receiving feedback. These strategies can also help us make better choices. When used in conjunction with the principles and practices of sound moral reasoning introduced in Chapter 2, they further increase our likelihood of coming up with a well-reasoned ethical conclusion.

Immediacy Behaviors

Words and actions that communicate physical or psychological closeness, called *immediacy behaviors*, invite participants to enter into dialogue.[6] Such behaviors generate positive emotions and liking, making communicators appear more approachable. Verbal immediacy is using language that shows openness and friendship—for instance, using "we" and "us" instead of "you" or "you and I"; encouraging the other person to speak; talking about items both parties have in common. Nonverbal cues also communicate liking. According to communication experts Virginia Richmond and James McCroskey, nonverbal immediacy behaviors include the following[7]:

Appearance: appear neat and clean; dress casually (when allowed) but not sloppy

Gesture and body movements: lean toward the other person; use an open body position; nod

Face and eye: maintain eye contact; show pleasure through facial expressions; smile frequently

Voice: short pauses and few silences; positive vocal inflections and vocal variety; sound confident

Space: move and sit closer to the other person; orient the body directly to the other party

Touch: friendly handshake; light touch on hand or forearm

Environment: warm, secure, pleasant; soft colors; moveable chairs; soft to moderate lighting

Time: promptness; spending more time with one another at a time convenient to the other person

Scent: pleasant, familiar, inoffensive scents; scents of one's own culture

Richmond and McCroskey are quick to point out that immediacy can have its drawbacks. Knowing these dangers can help us use immediacy cues appropriately. Immediacy can be overdone, as in the case of the overly friendly salesperson. Be aware that some people mistake immediacy for intimacy and want to escalate a relationship too quickly. Be less immediate with those who are communication avoidant. Nevertheless, the researchers conclude that the advantages of immediacy outweigh the risks because nonimmediate people are perceived as less friendly, cold, aloof, and, at times, hostile.

Mindfulness

Dialogue demands our complete attention. Not only is it unscripted, unrehearsed, and unpredictable, but this type of interaction also requires that we simultaneously focus on our own thoughts as well as on the positions of our conversational partners. Western psychologists and clinicians use the term *mindfulness* to describe the process of devoting full attention to the task at hand, to being fully present in the moment. Being mindful means paying close attention to novel information while, at the same time, withholding judgment. (Turn to Contemporary Issues in Organizational Ethics 4.1 for a closer look at the Eastern origins of mindfulness.) Mindfulness takes the form of a trait and a state.[8] Some individuals are naturally more mindful—that is, exhibit more of this trait—than other people. However, mindfulness can vary depending on the situation (state), such as when an ordinary drive to work turns dangerous due to a major pileup on the freeway. In this case, we instantly shift from a mindless state, where our attention is divided between the road and thoughts of the day's activities and music streamed from our phones, to a mindful one, where our focus is on the threat and our response. (You can determine your trait level of mindfulness by completing Self-Assessment 4.1.)

Investigators report that mindfulness produces a number of positive effects. Mindful individuals are more likely to experience positive moods and are less likely to suffer from depression and anxiety. At the same time, they recover more quickly from negative events. Mindful people are better able to control their behavior in order to complete their tasks, reach their goals, and follow through on their ethical choices. Such individuals also enjoy better physical health because they deal more effectively with pain and stress and can better manage the symptoms of chronic illness.[9] At work they experience less burnout and higher job satisfaction, perform better, and feel more confident in their ability to manage challenges.[10]

Mindfulness stands in sharp contrast with *mindlessness*, which is inflexible, thoughtless activity. Individuals acting mindlessly don't take in useful information, or they misinterpret the data they do receive.[11] As a result, they behave inflexibly, overlook alternative choices, and become locked into a single course of action. Mindlessness can be costly. People get stuck in current roles and self-perceptions, stop developing intellectually, engage in unintended cruelty by rationalizing immoral behaviors, lose control of their choices to advertisers and other outsiders, give in to helplessness when they can control the situation, and limit their potential.

The benefits of mindfulness carry over into interpersonal relationships both on and off the job. Researchers report that mindfulness promotes relational connection and closeness because (1) communicators are more receptive to the messages being sent by their relational partners, and (2) they are more aware of, and thus in more control of, their own responses. In addition, mindful individuals aren't as concerned about their egos, so they feel less threatened by rejection and more compassionate toward others.[12]

Contemporary Issues in Organizational Ethics 4.1: Spiritual Mindfulness or McMindfulness

Mindfulness has entered the organizational mainstream. Medical centers and clinics offer mindfulness therapy to help patients deal with mental and physical problems. The military uses mindfulness fitness training to equip personnel to better cope with combat. Corporations promote stress reduction through meditation workshops.

Mindfulness has spiritual roots in Buddhism. However, in the West, proponents treat mindfulness as a secular technique for promoting health and improving performance. They encourage "bare attention," or heightened awareness of the present, and introduce meditation practices that foster this state. According to management scholar and Buddhist teacher Ron Purser and other critics, this secular approach ignores the ethical foundations of mindfulness. In Buddhism, mindfulness incorporates reflection on past experiences, addresses unhealthy motivations, and serves higher purposes. Purser summarizes the differences between secular and spiritual mindfulness this way:

> The aim of Buddhist mindfulness is not merely to enhance the quality of attention or the reduction of stress but to transform the human mind by lessening, and ultimately eliminating, toxic mental states rooted in greed, ill will, and delusion. … Buddhist mindfulness has a universal and transcendent purpose: human flourishing, virtuous behavior, and an

altruistic concern for the welfare of all sentient beings.[1]

Purser goes on to highlight the ethical dangers of corporate mindfulness, what he calls "McMindfulness." To begin, secular mindfulness ignores the outcomes of heightened attention. Mindfulness can serve bad as well as good purposes, a fact that spiritual adherents recognize. The earliest recorded words of the Buddha make a distinction between Right Mindfulness (which serves good intentions and leads to the well-being of the self and others) and Wrong Mindfulness (concentrated attention that leads to unhealthy ends like crime and terrorist acts). Organizational advocates treat mindfulness as a private, inner focused practice, rather than as a way to address the underlying causes of organizational suffering. Meditation and mindfulness then become tools to increase productivity at the expense of workers. Mindfulness training equips employees to deal with stress instead of forcing organizations to deal with the underlying causes of stress—low pay, long hours, oppressive supervision.

Purser and his colleagues believe that recovering the spiritual roots of mindfulness could lead to ethical improvements in organizations and society by (1) undermining materialism and individualism; (2) reducing desire, anger, and delusion, which lead to cruelty and the abuse of power; (4) forcing organizations to confront policies and values that harm employees, such as rewarding workaholism; and (5) questioning corporate practices that damage society, like tax avoidance and privacy violations.

Sources: Lomas, T., Medina, J. C., Ivtzan, I., Rupprecht, S. T., Elroa-Orosa, F. J. (2019). Mindfulness-based interventions in the workplace: An inclusive systematic review and meta-analysis of their impact on well-being. *The Journal of Positive Psychology, 14*, 625–640.

Purser, R., & Loy, D. (2013, August 31). Beyond McMindfulness. *HuffPost*.

Vu, M. C., & Gill, R. (2018). Is there corporate mindfulness? An exploratory study of Buddhist-enacted spiritual leaders' perspectives and practices. *Journal of Management, Spirituality & Religion, 15*, 155–177.

Note

1. Purser, R. E., & Milillo, J. (2015). Mindfulness revisited: A Buddhist-based conceptualization. *Journal of Management Inquiry*, *24*, 3–24, p. 7.

Ellen Langer, a pioneer in mindfulness research, identifies three psychological processes of information processing in a mindful state of being. These can help us reap the benefits of mindfulness while sidestepping the dangers of mindless behavior in our interpersonal relationships.[13] The first psychological process is the *creation of new categories*. Being mindful breaks us out of our old rigid categories and makes us more sensitive to differences. These distinctions enhance our thinking and relationships. We become better problem solvers when we realize that moral reasoning can be broken down into smaller stages, as we saw in Chapter 2. We're much less likely to stereotype individuals and act in a prejudiced manner if we refuse to lump people into broad categories based on age, race, sexual orientation, or role.

The second psychological process involves *welcoming new information*. In mindful communication, we seek new information as we closely monitor our behavior along with the behavior of others. These data allow us to revise our conclusions and adjust our responses. Mindless communication, on the other hand, closes us off to new information. As a result, we make costly mistakes and fail to adjust to changes in our environments. We assume that others hold our ethical values when they don't, settle on the first solution when a better one might be available, fail to meet the changing expectations of our audiences, and so on.

The third psychological process is *openness to different points of view.* Any event or behavior can be viewed from more than one perspective. What seems like thoughtless, hurtful behavior on the part

of a coworker may have been intended as playful or harmless. Exploring multiple perspectives gives us more options, reduces the probability that we will get locked into an extreme position, and equips us to change our behavior. For instance, we are more likely to change the way we act when we realize that others take offense at what we're currently doing.

It's easy to identify situations that clearly demand a mindful state: dealing with strangers and people of other cultural backgrounds, public presentations, brainstorming sessions, interviews, performance reviews, strategy meetings, change efforts. You can prepare for these encounters by considering your expectations (avoid negative self-fulfilling prophecies like "the interviewer is going to think I am too young or old for the position") and your intentions—what you want to get out of the encounter. Visualize your upcoming performance. During the interaction, note your thoughts ("What evaluations and assumptions am I making?") and feelings ("Why am I feeling uncomfortable?"). After the interaction, reflect on your behaviors to make sense of what happened. You may identify hidden assumptions, habits, or emotional triggers that kept you from being successful. Learn from these and you'll be better prepared for similar events.[14]

While some contexts clearly require mindfulness, even routine interactions like casual conversations with coworkers can be enhanced with mindful awareness. You can practice shifting your thinking modes by deliberately paying more attention during common communication events. For example, approach a classroom lecture with a mindful attitude, noting elements of delivery, audience response, and other factors you usually overlook. Or you might analyze a film from more than one point of view (see Application Project 4.3). Trigger mindfulness at work or school through visual reminders (e.g., sticky notes, cell phone calendar reminders) that help you to remember to focus on the present. Foster your inclination to be mindful in a variety of situations—your trait mindfulness—both through meditation and by taking time each day to focus your attention on yourself. Set aside five minutes at work to take stock of your thoughts, emotions, and

physical sensations. Consider the impact these elements are having on your well-being. Accept them as reality (even if negative) and let them go.[15]

Self-Assessment 4.1: Mindful Attention Awareness Scale (MAAS)

Instructions

The following is a collection of statements about your everyday experience. Using the scale from 1 (*almost always*) to 6 (*almost never*), indicate how frequently or infrequently you currently have each experience. Answer according to what really reflects your experience rather than what you think your experience should be. Please treat each item separately from every other item.

---

1 = Almost always

2 = Very frequently

3 = Somewhat frequently

4 = Somewhat infrequently

5 = Very infrequently

6 = Almost never

1. I could be experiencing some emotion and not be conscious of it until some time later.
2. I break or spill things because of carelessness, not paying attention, or thinking of something else.
3. I find it difficult to stay focused on what's happening in the present.

4. I tend to walk quickly to get where I'm going without paying attention to what I experience along the way.
5. I tend not to notice feelings of physical tension or discomfort until they really grab my attention.
6. I forget a person's name almost as soon as I've been told it for the first time.
7. It seems I am "running on automatic," without much awareness of what I'm doing.
8. I rush through activities without being really attentive to them.
9. I get so focused on the goal I want to achieve that I lose touch with what I'm doing right now to get there.
10. I do jobs or tasks automatically, without being aware of what I'm doing.
11. I find myself listening to someone with one ear, doing something else at the same time.
12. I drive places on "automatic pilot" and then wonder why I went there.
13. I find myself preoccupied with the future or the past.
14. I find myself doing things without paying attention.
15. I snack without being aware that I'm eating.

Scoring

Add up your scores and divide by 15 to create an average for the 15 statements. The *lower* the average, the higher your trait level of mindfulness. Scores range from 1 to 6. The typical average score is approximately 3.86.

Source: Brown, K. W., & Ryan, R. M. (2003). The benefits of being present: Mindfulness and its role in psychological well-being. *Journal of Personality and Social Psychology, 84*(4), 822–848.

Effective Listening

Listening is key to coming to mutual understanding through dialogue. We can't come up with a joint, shared solution or speak to the needs of the other party unless we comprehend the other party's perspective. Skillful listening is also essential to processing the informational messages that make up technical dialogue. According to Judi Brownell of Cornell University, communication is best understood as listening centered, not speaking centered.[16] She offers the multistage HURIER model to describe her listener-focused approach to communication. This model consists of the following six components:

Component 1: Hearing. The environment is filled with all kinds of stimuli. Listening begins when we focus on one or more of these elements—music, a podcast, the voice of a friend, a supervisor's phone call. What we choose to hear is dependent on our perceptual filters, which are made up of our cultural background, beliefs and values, past experiences, interests, family history, and other factors. Consider how you and a friend respond to the same stimuli, for example. If you are an avid skiboarder, you'll listen carefully to the morning radio report on mountain snow conditions. Your conversational partner (who is not interested in heading for the slopes) may change stations when this segment comes on.

Component 2: Understanding. Once the message is received, it must be processed. Like reading comprehension, listening comprehension is based on the literal meanings of the words and signals received. Shared language and vocabulary greatly increase the likelihood of understanding.

Component 3: Remembering. Memory allows an individual to retrieve information in order to come up with an appropriate response. Memory, like hearing, is especially influenced by our perceptual filters. Information we're interested in is retained; other messages are quickly forgotten.

Component 4: Interpreting. During this stage, meaning is assigned to the message based on words and nonverbal cues like context (location, previous events, participants), vocal qualities, and body language.

Component 5: Evaluating. At this stage, the receiver makes a judgment about the accuracy and truthfulness of the message by evaluating evidence and reasoning, source credibility, the situation, emotional appeals, and other factors.

Component 6: Responding. We can respond appropriately only if we've successfully completed the first five steps of the model. Since listening is continuous, we must also adjust our messages even as we're speaking. If coworkers give us a puzzled look while we're explaining a new technical process, for instance, we need to pause to ask if they understand our directions.

Listening can fail at any stage of the HURIER model. We might tune out important messages or fail to comprehend their meanings, forget essential data, come up with an inaccurate interpretation, misjudge the message, or formulate the wrong response. Unwillingness to suspend our own needs likely causes the most problems when it comes to listening in interpersonal relationships.[17] Instead of suppressing our urge to talk, we fool ourselves into thinking we really are listening when we aren't. We interrupt to relate a similar story, react with excessive sympathy (which takes over the conversation), offer unwanted advice, joke around, tell other people that they shouldn't feel the way they do, and blame other people for bringing

the same topics up again. To increase our listening effectiveness, we need to be more selfless. In addition, we need to approach conversations with a mindful attitude and incorporate the skills outlined in Ethical Checkpoint 4.1.

Ethical Checkpoint 4.1

Listening Skills

Hear Messages: Focus Attention and Concentrate

- Take a sincere interest in other people and ideas.
- Listen to new and difficult information.
- Stay active by taking notes, paraphrasing, and so on.
- Manipulate the physical environment to make listening easier.
- Use the thought–speech differential (extra time generated by the ability to process speech faster than it is delivered) wisely.

Understand What You Hear

- Listen to the entire message.
- Distinguish main ideas from details.
- Recognize your personal assumptions and meanings.
- Increase your vocabulary.
- Check your perceptions.

Remember Messages

- Improve your short-term memory.
- Learn long-term memory techniques and use them regularly.
- Create associations.
- Use visual imagery.

Interpret Messages

- Develop empathy.
- Increase awareness of and sensitivity to nonverbal cues.
- Take into account the speaker’s background attitudes and other variables.
- Take into account the communication context.
- Strive to be a high self-monitor (monitor the impact your behavior has on the other person).

Evaluate What You Hear

- Consider the speaker's credibility.
- Recognize personal bias.
- Understand persuasive strategies.
- Analyze logic and reasoning to identify logical fallacies.
- Recognize emotional appeals.

Source: Brownell, J. (2003, November 22). *The skills of listening-centered communication*. Paper presented at the National Communication Association Convention, Miami, FL. Reprinted with permission of Dr. Judi Brownell.

Understanding how we prefer to listen can also improve our performance as listeners. Listening consultants Larry Barker and Kittie Watson identify four listening preferences.[18] Each has its own unique combination of strengths and weaknesses. Knowing the downside of our listening profiles can help us avoid listening errors.

- *People-oriented listeners* put a priority on maintaining relationships. They are concerned, caring, and nonjudgmental and provide clear feedback. However, these communicators can get overly involved with others and may overlook their faults.
- *Action-oriented listeners* concentrate on the task and are good at keeping meetings on topic while encouraging speakers to organize their thoughts. Unfortunately, they often come across as impatient, quick to jump to conclusions, and disinterested in relationships.

- *Content-oriented listeners* (often those in technical fields) evaluate messages carefully, even highly complex ones, and explore all sides of an issue. Their weaknesses include getting bogged down in details and taking forever to come to a decision.

- *Time-oriented listeners* value effectiveness and efficiency. They are good at saving time (theirs and others') but tend to interrupt, look at clocks and watches, and limit creativity by setting time limits.

While most people have one or two preferred styles, effective listeners know how to match their preferences or habits to the communication context. The action-oriented style works well in processing business proposals, for example, but is not so effective in the break room, where messages are not likely to be clearly structured. Time-oriented executives often get in trouble when they take this style home to conversations with their spouses and children. In these cases, effective listeners would adopt a people-centered approach. Conversely, a content-oriented style works better than a people-focused preference when the listener is engaged in technical processes like debugging software and creating engineering designs.

Self-Disclosure

Dialogue rests upon the sharing as well as the receiving of information. Not only do we need to listen effectively, but we also need to engage in self-disclosure, sharing appropriate information about ourselves. Sharing personal information fosters the collaboration, "strange otherness," vulnerability, genuineness, and authenticity that characterize I-Thou communication. Self-disclosure also builds long-term relationships. We generally respond favorably to those who disclose to us because we learn more about them. As an added bonus, disclosure leads to better self-understanding, such as when talking about a problem gives us insight into solving it. Sharing our reactions also lets us test our perceptions against reality.[19]

You might have discovered that self-disclosure can backfire. Sharing too much personal information (or disclosing sensitive information too soon) makes others uncomfortable. Conversely, not sharing enough can also be problematic. Others expect that disclosure will be reciprocated. Failure to share when the other party is vulnerable breaks trust and raises the fear that one person will use the personal information against the other.

Management experts Lisa Rosh and Lynn Offermann identify five types of executives who engage in *inappropriate* self-disclosure. While they gear their description to leaders, the same types can be found at all levels of an organization.[20]

Oblivious disclosures have an unrealistic view of themselves and thus reveal information that appears insincere. For example: the highly task-oriented leader who shares stories about how much she cares about others.

Bumblers have greater self-understanding but don't realize how they come across to others. They can't decipher body language or facial expressions, and their disclosures are out of place. For example: the

colleague who tells a humorous personal story when the office is coping with the death of a coworker.

Open books never shut up. In sharing too much, they break trust. For example: the new employee who talks about his divorce the first day of work; the newly appointed leader who describes her failure on the last project.

Inscrutable disclosures rarely share anything about themselves at work. They appear remote and inaccessible and have trouble establishing long-term relationships. For example: the CEO who tries to inspire through statistics rather than through personal experiences.

Social engineers try to encourage disclosure in others but don't disclose themselves. Because they fail to model self-disclosure, they rely on others to do so. For example: the manager who hosts an annual teamwork retreat while keeping his thoughts and experiences to himself the rest of the year.

Self-disclosure experts make the following suggestions for revealing information about the self.[21] These suggestions not only help foster I-Thou dialogue; they are critical for improving technical dialogue as well. Self-disclosure reveals what each party wants to accomplish when collaborating, identifies past experiences that apply to a current project, prompts additional effort, and so on.

1. Make it relevant. Information should be related to the topic and task at hand.
2. Consider the likely impact of the disclosure. Will it make the other person uncomfortable? Will it foster dialogue and strengthen the relationship?
3. Make it gradual. Increase the breadth (the number of topics covered) and depth (the significance of the information) as the relationship develops.
4. Look for reciprocity. Continue to share only if the other party responds in kind.

5. Understand the context. Be sensitive to the disclosure patterns of your organization. (Is it okay to talk about problems with children, for example? Do people talk about their interests outside of work?) Keep in mind the cultural context as well. Members of individualistic societies like the United States expect to share more personal information than employees from collectivist societies like Japan and China.
6. Avoid unnecessary risks. Some people in your organization likely should not be trusted. (See our discussion of trust to follow.) With these individuals, keep your reactions and personal information largely to yourself.

Confirmation

Treating the other person as a unique human being is at the heart of dialogue. Buber used the term *confirmation* to describe the process of recognizing and acknowledging the presence and value of others. He made this recognition of personhood the defining characteristic of human society:

> The basis of man's life with man is twofold, and it is one—the wish of every man to be confirmed as what he is, even as what he can become by men; and the innate capacity in man to confirm his fellow men in this way. … Actual humanity exists only where this capacity unfolds.[22]

Confirmation occurs when we value ourselves more after interacting with another person; disconfirmation takes place if we value ourselves less. Confirming behaviors (1) express recognition of the other person's existence, (2) acknowledge a relationship or affiliation, (3) express awareness of the significance or value of the other, and (4) accept or "endorse" the other person's experience or way of seeing the world. Disconfirming behaviors send the opposite messages.[23]

Examples of disconfirming and confirming responses are outlined in the next section. Ethical communicators try to avoid the first category of remarks and engage in the second set of behaviors.

Disconfirming Responses

- *Impervious:* Failing to acknowledge the messages of the other person; ignoring; shunning

- *Interrupting:* Cutting the other speaker short; beginning before the other speaker is finished
- *Irrelevant:* Responding in a way that seems unrelated to what the other person has just said
- *Tangential:* Acknowledging the previous message but immediately taking the conversation in a new direction
- *Impersonal:* Conducting a monologue, speaking in an overly intellectual or impersonal way
- *Ambiguous:* Responding with messages containing multiple or unclear meanings
- *Incongruous:* Engaging in nonverbal behavior that is inconsistent with the verbal content of the message, as when speakers deny being angry even as their voice rises and their face turns red

Confirming Responses

- *Recognition:* Responding to the presence of the other person; treating the other person with respect
- *Acknowledgment:* Providing a direct, relevant response to the message of the other person; asking questions, disagreeing, paraphrasing
- *Endorsement:* Accepting the feelings of the other party as legitimate; letting the other person "be" without trying to analyze, blame, or change the other person

Researchers initially studied confirmation in the family setting. They discovered that confirming communication increases marital

satisfaction and intimacy, helps build positive father–son relationships, and encourages children to have higher perceptions of their self-worth, appearance, intellectual capacity, and physical appearance.[24] Investigators then began to explore the effects of confirmation in the organizational context, focusing on the relationship between teachers and students. They point out that teaching has a relational component.[25] Professors not only want students to learn course content but also want to have fulfilling interactions with them. For their part, college students want to learn and earn good grades. However, students have other goals as well, like feeling good about themselves and believing they have significant ideas to contribute.

According to confirmation researcher Kathleen Ellis, teacher confirmation is critical to helping students establish their identities. She discovered that teachers communicate confirmation through four behavioral patterns.[26] First, they are supportive of students' questions and comments by, for example, expressing appreciation for student input and listening attentively. Second, confirming instructors demonstrate interest in students and their learning both inside and outside of class. They make themselves available to answer questions before and after class sessions and make an effort to get to know students. Third, confirming professors use an interactive teaching style, which employs a variety of strategies and exercises to improve learning. Fourth, they avoid such disconfirming behaviors as embarrassing students in class or refusing to listen to those who disagree with them. (Turn to Case Study 4.1 for a closer look at confirming instructor communication in the online classroom.)

Instructor confirmation has a strong positive influence on the student–teacher relationship.[27] Students with confirming instructors learn more and develop a positive attitude toward both the subject matter and the teacher. At the same time, they are less likely to complain. They also prepare more for class, participate more frequently in class sessions, interact more with one another, and are more likely to talk one on one with the instructor. Professors who engage in confirmation behaviors receive higher teaching evaluations.

Emotional Intelligence

Understanding and responding to emotions plays a critical role in building relationships. Emotionally sensitive individuals get along better with people in general, experience few negative interactions with friends, and are more supportive team members. In addition, they make better choices because they recognize how their moods influence their thinking, and they manage their feelings instead of falling victim to them. Researchers use the term *emotional intelligence (EI)* to describe the capacity to identify and influence emotions in others and in the self. Psychologists John Mayer, Peter Salovey, and David Caruso tie EI to how individuals process information, describing it as "the ability to engage in sophisticated information processing about one's own and others' emotions and the ability to use this information as a guide to thinking and behavior."[28] This intelligence is made up of the following four skill sets.[29] Each skill set is increasingly difficult and builds on the levels that come before.

1. *Identifying emotions*. Emotions provide important data about what's happening to us, to others, and in the environment. Effective communication depends on accurately reading these signals and on accurately conveying how we feel. Unfortunately, research suggests that when it comes to interpreting emotional expressions, we are not as skilled as we think.[30] Most people can pick out intense emotional expressions but are less adept at identifying slight or partial displays of the same feelings. Accurate decoding is further complicated by the fact that facial displays of emotion during conversation last only a short time (generally from half a second to two and a half seconds). Skillful communicators have mastered these challenges and can

    - recognize their internal emotional states;
    - talk about their feelings;

- communicate internal emotional states so that their feelings are understood as intended;
- accurately read people even when people try to disguise or repress their emotions; and
- pick up on the emotional meaning of messages sent through body language, vocal cues, and facial expressions.

2. *Using emotions*. Emotions, as we saw in Chapter 2, play an important role in reasoning and can enhance our thinking. Positive moods promote new ideas and risk taking; negative moods focus attention on details and possible errors.[31] Our chances of coming up with a good solution are greatest when we employ both modes of reasoning. For that reason, we might put ourselves in a positive frame of mind for a brainstorming session but wait until the next day to evaluate our ideas when we are not so optimistic and can do a better job of catching potential problems. Those with high EI can

    - demonstrate creative thinking and imagination;
    - inspire and motivate others;
    - closely monitor events that generate strong emotions; and
    - match their emotions to the task and select tasks based on their mood.

3. *Understanding emotions*. Emotions aren't chaotic but have underlying causes and follow progressions. Annoyance leads to anger and then to rage, for example, but not the other way around. If we understand these patterns, we can better forecast how others will respond to events and plan accordingly. Emotionally sensitive individuals can

- make correct assumptions about how others will behave;
- have an extensive emotional vocabulary that enables them to accurately communicate what they are experiencing;
- appreciate emotional complexity—the fact that communicators can experience contradictory emotions at the same time; and
- accurately predict how others will respond and choose the right message.

4. *Managing emotions*. Emotions (even the unwelcome ones) need to be factored into reasoning, evaluation, and behavior. However, we need to manage our feelings instead of being controlled by them. Emotions can generate more productive outcomes if they are integrated into our thinking. Emotionally intelligent people can

- resist unhealthy impulses;
- know when to follow their feelings and when to set them aside temporarily;
- be open to their own feelings and the emotions of those around them;
- let emotions activate productive behavior, like fighting against injustice when angry and avoiding risks when afraid;
- regulate their moods to achieve their goals—for example, getting "pumped up" before a class presentation or consciously shifting attention from a source of irritation to preparing for an upcoming meeting;
- establish genuine interpersonal connections; and

- manage the feelings of coworkers in appropriate ways (cheer them up, calm them down).

Mayer, Salovey, and Caruso developed the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) to measure their four skill sets.[32] The instrument asks respondents to complete a variety of tasks, including labeling facial displays of emotion, comparing emotions to physical sensations, and responding to emotional scenarios. Follow-up studies reveal that those who score higher on this test have more productive work relationships.[33] In one study, employees with high EI scores were rated by their colleagues as easier to work with and were credited with helping to create a positive work environment. Their leaders rated them as more interpersonally sensitive and sociable. In another project, managers who scored high on the MSCEIT were seen as engaging in more effective behaviors like communicating clearly and mentoring. Employees also noted that these supervisors supported the overall goals of the organization. In a third study, researchers found that customers were more satisfied when working with claims adjusters with high EI. In a fourth project, British teachers able to regulate their emotions experienced greater job satisfaction and less burnout.

The four skill sets of EI, taken together, provide an "emotional blueprint" for dealing with organizational relationships of all kinds. This blueprint can be used to analyze past encounters or to prepare for important or difficult situations (client presentations, performance evaluations, termination interviews). One way to raise your EI quotient is by evaluating a past conversation from the vantage point of emotion using the set of questions found in Ethical Checkpoint 4.2. You can also use these same queries to analyze an upcoming event (see Application Project 4.7).

Participating in EI training is another way to raise your EI and to help raise the EI of your entire organization. Ameriprise Financial (formerly American Express Financial Advisors) has a long-running EI training program, one that has been held up as a model for other

organizations.[34] The training builds competency in self-awareness, self-regulation, empathy, and social skills using lectures, exercises, small-group discussion, demonstrations, and role plays. Managers are taught how to be "emotional coaches" for their direct reports. Enhanced EI has improved the company's organizational performance.

Ethical Checkpoint 4.2

Emotional Analysis Questions

1. Questions to Help You Identify Emotions

    - How aware were you (the other party) of your (his or her) emotions?
    - Were you aware of how you felt during this situation?
    - How do you feel right now?
    - How did you feel during this interaction?
    - How emotional were you?
    - Did you express your feelings to others? Appropriately so?
    - Were you expressing your true feelings or trying to cover them up?
    - Were you focused only on your feelings, or were you aware of the other person's feelings?

2. Questions to Help You Use Emotions

    - Did it help you (the other party) to feel this way?

- Did your mood focus you on the issue or away from it?
- Did you find yourself feeling negative or positive about things?
- Did your mood help you see the other person's point of view?
- Were you able to feel what the other person was feeling?
- How much did you pay attention to the problem?
- Did you try to feel the emotions or block them out?

3. Questions to Help You Understand Emotions

- Why did you (the other party) feel this way?
- What caused you to feel the way you feel?
- Describe the intensity of your feelings.
- How will you feel next?

4. Questions to Help You Manage Emotions

- What did you (the other party) want to happen?
- What did happen?
- What did you do?
- How did it work out?
- Was there a better way to have handled it?

- Why didn't you handle it better?
- How satisfied were you with the outcome?
- How satisfied do you think the other person was with the outcome?
- What could you have done differently?
- What did you learn from this situation?

Source: Caruso, D. R., & Salovey, P. (2004). *The emotionally intelligent manager: How to develop and use the four key emotional skills of leadership*. Reprinted with permission of Jossey-Bass, an imprint of John Wiley & Sons, Inc.

Trust Building

Interpersonal trust is often the "glue" that binds organizational members together. Those in trusting relationships feel a greater sense of interdependence, help one another, and are more willing to learn and to take risks, including the risk of engaging in dialogue. A group whose members trust each other makes higher-quality decisions, is more productive, and operates more efficiently.[35]

Trust is defined as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another."[36] A cluster of attitudes and behaviors defines trusting relationships. First, trust involves optimistic expectations. Trusting individuals believe that the other party will carry through on promises and commitments. Second, those who trust put themselves in a vulnerable position. They depend on the behavior of others and have much to lose if these individuals break their commitments. Third, trust is willingly offered. Participants entering into trust relationships hope to increase cooperation and generate benefits, not only for themselves, but also for the group as a whole. All organizational stakeholders gain from such partnerships. Fourth, trust is hard to enforce. Organizations try to ensure cooperation through contracts, legal requirements, and other means. However, formal enforcement mechanisms don't have much impact on informal relationships between group members and can't, by themselves, create a trusting climate. Fifth, trust imposes an obligation or duty to protect the rights and interests of others. The target of trust is expected (1) not to harm the other party and (2) to act in a way that benefits both individuals.

Interpersonal trust, because it involves obligation or duty, has a moral dimension.[37] More than just a strategy for ensuring cooperation and better results, trust also imposes ethical demands. We have a moral responsibility to protect and promote the interests of those who rely on us (put themselves in a vulnerable position). Breaking trust can be

considered unethical because interpersonal trust serves the greater organizational good.

Earning the trust of others starts by demonstrating the character virtues described in Chapter 3. We need to express concern, to act in a consistent manner, to demonstrate our commitment to ethical principles and the welfare of the other party, and to be honest, open, and loyal. In addition, we need to demonstrate our competence. Others are more likely to trust us when we display knowledge and expertise by turning out high-quality work, responding to questions, completing assignments on time, and so on.

As a leader, you can take steps to help create organizations that encourage the development of trusting interpersonal relationships. Foster an atmosphere that encourages openness and sharing, be consistent in your behavior, and focus attention on the organizational mission by communicating vision and values. These steps are described in more detail in Ethical Checkpoint 4.3.

Ethical Checkpoint 4.3

Building Blocks of Organizational Trust

Dialogue of Openness and Sharing

- Be honest with yourself and others (share humanness).
- Don’t harbor hidden agendas.
- Let others know that what they say will not be used against them.
- Make people feel valued for their contributions.
- Make people feel safe in expressing honest opinions.
- Don’t withhold information for power.
- Hold a basic belief that all people have good potential.
- Be willing to listen.
- Be willing to be vulnerable.

Consistency in Behavior

- Say it and do it.
- Do the right thing.
- Be consistent in how decisions are made.
- Keep promises and commitments.

Everyone Committed to the Mission

- Know where the organization is headed.
- Make sure people know and believe in organizational goals.
- Encourage teamwork.
- Encourage dialogue to establish shared values.

Source: Adapted from Bruhn, J. G. (2001). *Trust and the health of organizations*. New York: Kluwer/Plenum, p. 82. Used by permission.

Despite our best efforts, we are likely to betray the trust of others and to be betrayed ourselves. Betrayal can be classified as major or minor, intentional or unintentional.[38] Major betrayals generate intense feelings of distress and disappointment; minor betrayals are less disruptive but can seriously undermine trust if they accumulate over time. Intentional betrayal is deliberate, consciously aimed at harming others. Unintentional betrayal is a by-product of other actions and activities. Major intentional betrayals include deliberately withholding information, sharing corporate secrets, and sabotaging equipment. Major unintentional betrayals include layoffs resulting from restructuring and pay freezes produced by slumping sales. Minor intentional betrayals include gossiping, backbiting, blaming (see Case Study 4.2), and accepting credit for another person's work. Minor unintentional betrayals include consistently showing up late for work and regularly missing scheduled appointments.

When we experience betrayal, we need to work through our painful feelings and move forward. Consultants Dennis and Michelle Reina

offer seven steps for healing.[39] First, observe and acknowledge what has happened. In this initial step, take note of what occurred and how you are feeling as a result (i.e., depressed, angry, betrayed). Second, allow these feelings to surface—work through the pain but refuse to wallow in worry and guilt. Third, get support by reaching out to family, friends, and coworkers who can act as "trusted advisors." Fourth, reframe the experience; try to figure out why this event happened and what you can learn from it. Fifth, take responsibility by considering if you played a role through your actions and choices; think about what you could do differently next time. Sixth, forgive yourself and others; forgiveness promotes our healing and provides insight into the motivations of the betrayer. Seventh, let go and move on; make a choice to take what you have learned, and use those insights to improve your future work relationships.

Giving and Receiving Feedback

Giving and receiving feedback is critical for both maintaining productive relationships and boosting performance. Through feedback, we learn how others view and respond to our behavior, how to bolster the impressions we make on others, how to improve, how to meet the expectations of our leaders and coworkers, how to better reach our goals, and so on. However, individuals differ in their receptivity to feedback. While some of us desire feedback, others actively avoid feedback by, for example, hiding from their supervisors or avoiding eye contact with them, pretending to be sick, and concealing poor results.[40] (Complete Self-Assessment 4.2 to determine your orientation to receiving feedback.)

Self-Assessment 4.2: Feedback Orientation Scale

Instructions

Respond to each of the following items using a 5-point scale from 1 (*strongly disagree*) to 5 (*strongly agree*).

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Feedback contributes to my success at work.	1	2	3	4	5
2. To develop my skills at work, I rely on feedback.	1	2	3	4	5
3. Feedback is critical for improving performance.	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4. Feedback from supervisors can help me advance in a company.	1	2	3	4	5
5. I find that feedback is critical for reaching my goals.	1	2	3	4	5
6. It is my responsibility to apply feedback to improve my performance.	1	2	3	4	5
7. I hold myself accountable to respond to feedback appropriately.	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
8. I don't feel a sense of closure until I respond to feedback.	1	2	3	4	5
9. If my supervisor gives me feedback, it is my responsibility to respond to it.	1	2	3	4	5
10. I feel obligated to make change based on feedback.	1	2	3	4	5
11. I try to be aware of what other people think of me.	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12. Using feedback, I am more aware of what people think of me.	1	2	3	4	5
13. Feedback helps me manage the impression I make on others.	1	2	3	4	5
14. Feedback lets me know how I am perceived by others.	1	2	3	4	5
15. I rely on feedback to help me make a good impression.	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16. I feel self-assured when dealing with feedback.	1	2	3	4	5
17. Compared to others, I am more competent at handling feedback.	1	2	3	4	5
18. I believe that I have the ability to deal with feedback effectively.	1	2	3	4	5
19. I feel confident when responding to both positive and	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
negative feedback.					
20. I know that I can handle the feedback I receive.	1	2	3	4	5

Scoring

Add up the scores for each dimension (range 5–25) and then add up the dimension scores to determine your overall score (range 20–100). The higher your score, the higher your tendency to seek feedback.

Items 1–5 _____ Utility: Belief that feedback can help you achieve your goals and outcomes at work

Items 6–10 _____ Accountability: Sense of obligation to act on feedback

Items 11–15 _____ Social awareness: Use of feedback to be aware of other's views of the self and to be sensitive to those views

Items 16–20 _____ Feedback self-efficacy: Confidence in dealing with feedback situations and feedback

Feedback orientation _____ Overall receptivity to feedback

Source: Linderbaum, B. A., & Levy, P. E. (2010). The development and validation of the Feedback Orientation Scale (FOS). *Journal of Management 36*, 1372-1405, pp.1401-1402. Used by permission.

We may fear receiving feedback because of poor performance but also because criticism threatens our identities and self-worth. (After all, it's hard to feel good about ourselves when we learn what we've been doing wrong.) We may fear giving negative feedback because doing so is unpleasant. (We want to see ourselves as decent and fair.)

Feedback experts Robbie Sutton, Matthew Hornsey, and Karen Douglas offer advice that should reduce the anxiety associated with receiving and giving feedback while increasing its effectiveness. They treat feedback as a special form of dialogue, a collaborative process where both senders and receivers have a moral responsibility to ensure that the interaction is successful. They outline commandments for giving feedback and also offer recommendations for feedback recipients, which are found in Box 4.1.[41] You can apply these guidelines to Case Study 4.3.

Box 4.1: 10 Commandments for Giving Feedback

1. *Make negative feedback both specific and direct*.

   Negative feedback can improve performance if it is specific about shortcomings and delivered in a direct manner ("You didn't make eye contact with the audience during your presentation"; "Your presentation went five minutes over your assigned time"). Recipients often miss or misunderstand the message when it is communicated indirectly through acting hurt, negative body language, and vague descriptions ("Your presentation was poorly done").

2. *Follow rules of engagement*.

   Though often unstated, there are some widely shared rules for when and how to deliver criticism. Following these rules communicates respect and reduces the likelihood that your insights will be rejected. Unstated rules for feedback include, for instance, "Don't criticize in public" and "Criticize the behavior, not the person."

3. *Communicate value, regard, and esteem*.

   Deliver the message in a way that demonstrates that the recipient is valued. Negative feedback is easily misinterpreted when the receiver believes you are disrespectful. Communicating positive regard reassures recipients that you believe they can improve.

4. *Use praise with care*.

While praise recognizes efforts and achievements, it can be counterproductive. If used as a "sweetener" when delivering negative feedback, praise can distract the listener from areas for improvement. Overpraising may undermine the listener's ability to deal with subsequent failure.

5. *Be sincere*.

   Nobody likes insincere feedback or feedback that seems to follow a set formula. Believe in the message you send. Set realistic goals for improved performance.

6. *Take your recipient's perspective*.

   There is a good chance that the recipient of your criticism sees the world differently than you and will come away with a different meaning than you intend to convey. Personality, culture, and status all impact the interpretation of feedback messages. When you have higher status, remember that the receiver might interpret criticism as bullying. Lower-status actors are less likely to seek clarification or to disagree with your assessment.

7. *Give your recipient voice*.

   Receivers need to speak as well as listen—to comment on the feedback, to identify areas they want to improve on, to set goals, and so on. Giving voice is critical because recipients know more about themselves and the task and are more likely to reach goals they set for themselves. Two-way communication encourages mutual understanding of problems, solutions, and objectives while conveying dignity and respect.

8. *Maintain positive relationships and cultures*.

Feedback is only one part of your relationship with the receiver and is influenced by the organization's culture. Those who feel unfairly treated by you or the organization are less likely to seek and act on constructive feedback. Try to reduce inequalities in status and power; create trusting cultures.

9. *Learn from feedback*.

   Be alert to the reactions of recipients in feedback episodes. Receptivity and learning are evidence that the encounter was successful. Denial, resentment, and failing to improve performance signal that your approach, or the culture of your organization, needs to change.

10. *Agree on specific, believable goals and improvements*.

    Successful feedback, while it draws on past and present behavior, should focus on the future. Set mutual goals and, together, determine how they can be achieved.

Recommendations for Feedback Recipients

1. Be aware (and control) your defensive reactions.
2. Take the perspective of your sender. The person may be nervous about your response, be overworked and stressed, and so forth. Don't overreact to mistakes or insensitive statements.
3. When you disagree or don't understand feedback, speak up. State your opinion and ask for clarification.
4. Find areas of common understanding and agreement. Agree to work on those behaviors. If you continue to disagree with a criticism, take steps to prove the critic wrong (which can lead to improvement in your performance).

Source: Sutton, R. M., Hornsey, M. J., & Douglas, K. M. (Eds.). (2012). *Feedback: The communication of praise, criticism, and advice*. Peter Lang, Chap. 22.

Chapter Takeaways

- Our attitudes set the moral tone for organizational conversations. Treat others as unique human beings (I-Thou) rather than as objects (I-It).
- Technical dialogue (information-centered speech) makes up the vast majority of communication in organizational settings. However, open a space for dialogue to occur by developing your communication skills and taking advantage of opportunities for I-Thou interaction.
- To engage in dialogue, you will need to commit yourself to (1) seeking the good of others, (2) valuing relationships and the common good, (3) being open to influence, (4) allowing others to hold differing opinions, (5) practicing honesty, and (6) being willing to invest time and energy in the process.
- Engaging in verbal and nonverbal immediacy behaviors invites participation in dialogue by reducing the psychological and physical distance between you and the other party.
- Learn to be mindful; give your full attention to an encounter. Create additional categories in order to make greater distinctions, to welcome novel information, and to be open to new points of view.
- Understand communication as listening centered, not speaking centered. Keep in mind that listening is a multistage process made up of hearing, understanding, remembering, interpreting, evaluating, and responding (HURIER). This process can break down at any step along

the way. Master listening skills and avoid listening errors by understanding the weaknesses of your listening profile.

- Dialogue rests on the sharing as well as the receiving of information. Make sure that your self-disclosure is relevant, considers the context and likely impact, takes place over time, avoids unnecessary risks, and is reciprocated.

- Confirmation is the process of recognizing and acknowledging the presence and value of others. You can affirm others by recognizing the other person, by acknowledging your relationship with that individual, by signaling your awareness of the other's significance, and by accepting the other person's experience and perspective.

- Master the four skill sets of emotional intelligence in order to get along better with others, to become a more effective manager, and to make wiser choices. These skills include (1) accurately identifying emotions, (2) using emotions to enhance reasoning, (3) understanding the causes and progressions of emotions to predict events, and (4) managing emotions to generate productive outcomes.

- Trust means putting ourselves in a vulnerable position, expecting that the other party will carry through on promises and commitments. We have a moral obligation to protect others who are relying on us, and we can build our trustworthiness by demonstrating moral virtues and competence.

- If you violate trust, you will need to accept responsibility for what has occurred and engage in trust repair with the other party.

- View feedback as a collaborative process where both senders and receivers have a moral responsibility to ensure success. As a sender, offer specific criticism while communicating that the recipient is valued. Let the recipient be heard. Agree on mutual goals. As a receiver, control your defensive reactions and speak up when you disagree or don’t understand. Find areas of common understanding and agreement.

Application Projects

1. Describe a time when you engaged in dialogue. When did it occur and with whom? What did each party say and do? What was the outcome of your encounter? How did both parties feel when it ended? What did you learn from the experience?
2. Make a conscious effort to utilize immediacy behaviors in a conversation with a coworker or fellow student. What impact did these behaviors have on the interaction?
3. As a group, select a film, and assign each member to view it from a different point of view. Then discuss the film based on each perspective. What insights do you gain from this perspective? What does this project reveal about the value of being open to many different points of view?
4. Develop a strategy to increase your mindfulness during an important communication encounter—job interview, class presentation, first date, important meeting, performance review.
5. Based on the HURIER listening model, what are your strengths and weaknesses as a listener? What skills do you need to develop to become more effective? What is your listening style profile—people, action, content, or time oriented? What does your profile suggest about your listening habits and how they might hurt or help your relationships with other organizational members? Summarize your conclusions.
6. As a small or large group, discuss Buber's assertion that confirmation (recognizing one another's personhood) is the defining characteristic of humankind
7. Write up your responses from the emotional analysis questions in Ethical Checkpoint 4.2. Compare your current perspective to your thinking before you completed this exercise. How has your understanding of the past

conversation changed? How might you prepare differently for the upcoming encounter?

8. Describe a time when trust was broken and then restored in one of your work relationships. Outline the effects of the breach of trust, how you worked through the painful feelings (if you were the victim), and how trust was restored.
9. Evaluate a performance review where you either gave or received feedback. Use the guidelines provided in the chapter. What did you do well? Where did you fall short? How can you use the feedback from this session to prepare for future performance reviews?
10. Find a partner and share your responses to the Feedback Orientation Scale in Self-Assessment 4.2. What factors motivate you to seek feedback? What might prompt you to avoid feedback? Do you have a moral obligation to seek feedback in order to improve organizational performance?

Case Study 4.1: Online Confirmation

Dr. Ramani Modi is an experienced college professor who gets high marks for creating a warm classroom atmosphere where students feel valued. She appears genuinely interested in student comments during classroom discussions and makes an effort to learn the names and interests of all of her students. She is faithful about keeping her office hours in order to meet with those who have questions or concerns. Students never quite know what class will be like on a given day as Dr. Modi employs a variety of teaching strategies ranging from role plays to small-group discussions and debates. Class members readily engage with each other and course material.

Dr. Modi has been asked to convert one of her courses to an online format next semester. This will be her first experience teaching online since she was on sabbatical when colleges and universities moved to online platforms during the COVID-19 pandemic. All course materials, videos, discussions, papers, and grades will be posted on the university's electronic course platform. She can set up "real-time" video conferences with participants if she wants. In addition to posting comments to the class discussion forum, students can contact her directly by using a special link or by email or phone.

Dr. Modi fears that her strengths as a traditional classroom instructor will not translate to the online environment. (That's why she has resisted online teaching until now.) She wonders how she can create a warm atmosphere and communicate respect for her students when interacting electronically. She decides to turn to her current students, many of whom have taken online courses, for answers. She invites a small group of them out for tea and coffee to get their thoughts. Dr. Modi wants to find out what their online instructors have done to

help them feel connected and engaged while confirming their value. She also wants to avoid strategies that “turn them off.”

Discussion Probes

1. How would you describe a successful online class? An unsuccessful one?
2. When do you feel most connected and engaged in online classes? Why?
3. Can instructors confirm the value of students when teaching online? If so, how?
4. What confirming strategies should Dr. Modi use to create a friendly atmosphere and to demonstrate respect for class members?
5. What disconfirming strategies should Dr. Modi avoid?

Case Study 4.2: Unfairly Taking the Blame

Tom Loveless is director of strategic planning for SandFan, a rapidly expanding regional sandwich chain. In this role he selects the sites for new locations. He works closely with Dave Bonner, the company's property manager. Bonner is in charge of negotiating leases for the new locations in addition to managing the facilities of existing stores.

Tom's ability to select good locations and Dave's skill at negotiating reasonable leases with commercial property managers are key to the chain's success. The two work well together and share a mutual interest in golf. On occasion they will spend a Saturday afternoon at the local public course.

The duo's string of successes was recently broken when SandFan had to close a store in a new market. Traffic to the store was lower than expected, and the lease payments were higher than at other locations. Tom and Dave agreed that fault for the closure was a combination of these two factors.

SandFan founder Marjorie Oliphant met first with Dave to discuss the store's closing because Tom was traveling. When Tom met with Marjorie upon his return, he was surprised to learn that Dave blamed him for the closure. Dave told Marjorie that the terms of the lease were reasonable but that Tom had chosen a poor location, making it impossible to generate a profit.

Feeling betrayed, Tom plans to drop by Dave's office tomorrow morning.

Discussion Probes

1. Why do you think that Dave decided to put the blame on Tom for the failed location?
2. What should Tom say to address this breach of trust when he meets with Dave?
3. How should Dave respond?
4. How can Tom and Dave restore their relationship? Or can they?
5. Can you think of times when your trust was betrayed on the job? How did you respond? What will you do differently (if anything) the next time a similar event occurs?

Case Study 4.3: Three Performance Reviews

Joanna Sorensen oversees the new employee program at a small accounting firm in the southeastern United States. Every year she works with a group of three or four new hires who serve a 12-month probationary period. She meets weekly with the group to discuss company history and policies, books on professional development, accounting regulations, and concerns they raise. She observes them and talks with their immediate supervisors to gather information on their job performance. She also completes a performance evaluation form for each at the end of their first six months. Those who fail to address significant issues raised in this initial review will be let go after their probationary period ends. Joanna meets with each of her supervisees for a discussion of her evaluation before submitting the form to their managers and the human resource department.

Joanna can't think of another year when she had such a diverse group of new hires. Aziz, from the Middle East, gets high marks for his skill in accounting but resists taking direction from female supervisors. Apparently shy, he is reluctant to speak up during the weekly new employee sessions. Mary Ellen is a high achiever who graduated as one of the top students in her college's accounting program. Unfortunately, she is overconfident in her abilities (a fact noted by her manager and coworkers) and sometimes completes tasks without seeking the guidance she needs. Based on discussions during their weekly meetings, Joanna knows that Mary Ellen is not used to failing or receiving criticism. Benoit, in contrast to Mary Ellen, is a low achiever. He needs constant guidance from his supervisor on accounting procedures. Benoit's poor work habits (i.e., frequently coming in late for

work, waiting to be told what to do) further detract from his job performance. However, Benoit is a "people person" whose friendliness and humor make him popular with his coworkers.

Joanna has completed her six-month evaluations for Aziz, Mary Ellen, and Benoit and is set to hold a performance review with each. She has positive feedback as well as constructive criticism for the three.

Discussion Probes

1. Identify the perspective of Joanna and each new employee for the performance reviews. What goals do they have?
2. How might the performance reviews hurt the identities and self-concepts of the new hires? What can Joanna say to reduce the danger of this happening?
3. How can Joanna engage the employees in the feedback session?
4. What positive and negative feedback should Joanna provide to each employee?
5. What responsibility does each probationary employee have as the feedback recipient?
6. What would be a successful, ethical outcome for each performance review?

CHAPTER 5 EXERCISING ETHICAL INFLUENCE

Learning Objectives

- Define the five types of power.
- Identify the dangers of having too much and too little power.
- Contrast positive and negative organizational politics.
- Summarize the major elements of empowerment.
- Describe the six influence strategies.
- Assess the ethical issues raised by each of the six influence strategies.

Chapter Preview

Questions of Power

- Question 1: Are Some Forms of Power More Ethical Than Others?
- Question 2: Is It Possible to Have Too Much Power?
- Question 3: Should I Play Politics?
- Question 4: What Factors Contribute to Empowerment?

Ethical Issues in Influence

- Framing
- Proactive Tactics
- Impression Management
- Deception
- Emotional Labor
- Communication of Expectations

Chapter Takeaways

Application Projects

On the job, you can expect to devote much of your time to influencing others. Over the course of a day, you may find yourself urging the mail room to ship your package first, asking a subordinate to complete a project on time, convincing a customer to place another order, and persuading your boss to increase the budget for your department. The exercise of influence is not an option in the workplace. We must influence others if we are to fulfill our roles. If we don't, our work groups and organizations (not to mention our careers) will suffer.

While we don't have much choice as to whether or not we exert influence, we do have control over *how* we go about modifying the behaviors of others. These choices will go a long way toward determining the ethical health of our organizations. In this chapter, we'll address ethical questions that arise when influencing others. We'll begin with a look at power and then identify moral issues related to framing, proactive influence tactics, impression management, deception, emotional labor, and the communication of expectations.

QUESTIONS OF POWER

The exercise of ethical influence is founded on an understanding of power, the capacity to control the behavior of others. Power is the foundation for influence. The greater the power we have, the more likely that others will comply with our wishes no matter what particular strategy we employ. However, to wield power ethically, we need to answer some important questions.

Question 1: Are Some Forms of Power More Ethical Than Others?

Power comes from a variety of sources. The most popular power classification system identifies five power bases[1]:

1. *Coercive power* is based on penalties or punishments—for example, verbal warnings, wage cuts, staffing reductions, and student suspensions.
2. *Reward power* depends on being able to deliver something of value to others, whether tangible (bonuses, health insurance, grades) or intangible (praise, recognition, cooperation).
3. *Legitimate power* resides in the position. Supervisors, judges, police officers, and instructors have the right to control our behavior within certain limits. Professors set the requirements in the courses they teach, for example, but have no influence over what we do in our other classes.
4. *Expert power*, in contrast to legitimate power, is based on the characteristics of individuals regardless of their official position. Knowledge, skills, education, and certification all build expert power. As a result, those who are not in positions of authority can be very influential because they possess valued information.
5. *Referent (role model) power* rests on the admiration one individual has for another. We're more likely to do favors for a peer we admire or to agree to work over the weekend for a supervisor we respect.

No form of power is inherently immoral. In fact, we need to draw from a variety of power sources. The manager who is appointed to lead a task force is granted legitimate power to reward or punish group members. To succeed, the manager will also have to demonstrate knowledge of the topic, skillfully direct the group process, and earn the respect of task force members through hard work and commitment to the group. The effective use of one form of

power can increase other power bases.[2] A widely admired employee who demonstrates expertise is more likely to be promoted. Conversely, the boss who has more access to information is better equipped to solve problems and thus will appear more expert.

Ultimately, the morality of a particular power source depends on the ends or goals that it serves. We need to ask if our exercise of power serves worthy objectives. However, arguing that no form of power is unethical in and of itself should not obscure the fact that some types of power are more likely to be abused. *Hard* power linked to organizational position (coercive, reward, and legitimate) is more dangerous than *soft* power linked to the person (expert, referent). Positional power gets immediate results, securing compliance and boosting short-term performance—but at a high cost. The use of legitimate, reward, and coercive power reduces trust and lowers task satisfaction and performance over the long term.[3] Of the three forms of positional power, coercive tactics pose the greatest risk. Extreme coercion can be devastating to individuals, attacking their dignity and value while threatening their mental and physical health.

To sum up, select your power bases carefully. Positional power should be used with caution. Reduce your reliance on authority, reward, and coercion by developing your skills and knowledge while modeling the behaviors you want to see in others. Coercion should be employed only as a last resort. It is best used for preventing and punishing incivility, dishonesty, aggression, discrimination, criminal activity, sexual harassment, and other destructive behaviors.

Question 2: Is It Possible to Have Too Much Power?

Concentration of power produces a wide range of unethical behavior, as Britain's Lord Acton noted in the 1800s. "Power corrupts," he asserted, "and absolute power corrupts absolutely." Lord Acton could have been commenting on the organizational scandals of our day. In case after case, powerful individuals have abused their positions and put their organizations at risk. Former Environmental Protection Agency administrator Scott Pruitt used staffers to run errands and to secure a job for his wife. Movie director James Cameron is known for driving his employees hard. He allegedly used a nail gun to attach the cell phones of staffers to the wall while filming *Avatar*. Former Theranos president Sunny Balwani acted as an "enforcer" who chastised any employee who had doubts about the company's faulty blood-testing system and threatened legal action against anyone talking publicly about the firm. (He now faces federal fraud charges.)

Positional power is most susceptible to abuse. Lord Acton probably had this type of control in mind when he noted power's corrosive effects. History's most infamous leaders—Nero, Shaka Zulu, Joseph Stalin, Adolf Hitler, Pol Pot, Slobodan Milošević, Idi Amin—used their lofty positions to darken the lives of followers through purges, torture, murder, and other means. However, many of these same leaders also misused their personal power. Followers believed that these leaders were endowed with special gifts and looked to them as role models.

There are a number of possible explanations for why unfettered power is so susceptible to misuse. To start, powerful individuals are free to project their insecurities on others and to act selfishly. Second, powerful people are more susceptible to judgment biases.[4] They typically devote little attention to finding out how others think and feel. As a consequence, they are more likely to hold and act on

harmful stereotypes that justify their lofty positions. In addition, they believe they deserve their high status because those who are powerless aren't as capable as they are. Third, powerful people protect their positions by attacking those they perceive as threats. Fourth, those in power often ignore the needs of others. They see subordinates as a means to achieving their ends. Fifth, powerful individuals are tempted to rely on positional power. Rather than build personal power bases, they employ coercion. Power holders are more likely to order subordinates to complete a task when a softer tactic (making a request, offering a reason) would achieve the same result at less emotional and relational cost. Exerting such power apparently makes them feel good.[5]

If you have considerable power, be open to influence. Influence needs to be reciprocal; leaders exert power but, at the same time, respond to the influence attempts of followers. Enact formal mechanisms like appeals procedures, subordinate feedback, recalls, and elections to encourage yourself to be responsive to your less powerful colleagues.[6]

Having too little power also poses ethical dilemmas.[7] Powerless members can't achieve worthy objectives and feel as if they have no control over their environments. They focus on maintaining the little power they have instead of on achieving collective goals. Along with taking out their frustrations on other employees, they harm the organization through work slowdowns, breaking equipment, calling in sick, and other aggressive behaviors. Powerlessness also impairs cognitive functioning, making errors more likely. If you find yourself in a low-power position in an organizational relationship, here are some ways to address your situation.[8]

- *Highlight your interdependence*. Help those in high-power positions recognize that your help is essential if they are to succeed. Take the case of high-level executives and lowly

information technology specialists, for example. The executives have significantly more organizational power but, in order to get their work done, rely on the specialists to keep their computers and mobile devices running properly.

- *Be persistent*. Be patient and remain calm. Carefully analyze the problem at hand and offer a credible solution. Oftentimes those in higher-power positions give in to lower-power individuals just to get them to go away.

- *Stay actively engaged*. Resist the temptation to disconnect or to use the destructive tactics described earlier. Instead, speak up and state your values, beliefs, and priorities. Reflect your values through your actions.

Question 3: Should I Play Politics?

In organizational politics, members accumulate and use informal power to achieve personal and organizational objectives. Political behavior is not officially sanctioned by the organization and operates outside the formal power structure.[9] Examples of engaging in organizational politics include lobbying for a higher salary, forming a coalition with other managers to push through a project, or doing a favor for someone in another department in hopes that this individual will reciprocate in the future.

Most of us associate "playing politics" with hidden agendas, selfishness, backroom deals, manipulation, and deceit. Too often, those who engage in politics get what they want while more deserving, nonpolitical individuals do not. Members who perceive that they work in highly political organizational climates are less satisfied with their jobs and less committed to their organizations. At the same time, they report higher stress levels and are more likely to engage in unethical behavior and leave the group.[10]

Given its poor reputation, it would appear that engaging in organizational politics is unethical. But that is not always the case. Sometimes going outside formal channels is the only way to achieve worthy objectives like getting top management to deal with safety problems, to introduce innovative new products, or to keep the organization going when formal authority breaks down.[11] Then, too, informal power is an inescapable fact of organizational life. It is most frequently used in lateral or peer relationships to promote projects, to allocate resources like people and equipment, and to coordinate work flow. Dwight Eisenhower used his political skill to organize the successful invasion of Europe in World War II. Earlier in his career, he developed a network of friendships with George Patton, George Marshall, and Omar Bradley, generals who were to play a critical role in the assault. From a young age, Eisenhower was skilled at settling

disputes and getting classmates to focus on a shared goal, abilities that were to serve him well as he planned the Normandy landing.[12]

Ensuring that our political behavior generates positive outcomes begins with a shift in our mind-set. Organizational behavior experts Ronnie Kurchner-Hawkins and Rina Miller argue that we need to abandon our negative image of organizational politics and begin to think of the use of informal power as an opportunity to foster cooperation and collective achievements.[13]

Negative politics is self-centered, focused on achieving individual goals like promoting one's job or career; positive political action supports the vision and values of the group. In positive (constructive) politics, power is no longer used to control others but is used to serve them instead. While negative politics relies on controlling through intimidation and manipulation, positive politics focuses on achieving a shared vision and living out shared values. Negative political behavior focuses on winning at all costs; positive politics stresses collaboration and working together (win-win). Negative organizational politics often ignores ethical standards and focuses only on efficiency ("doing things right"). Positive political strategies, on the other hand, recognize the importance of considering the ethical implications of actions and following moral standards ("doing the right things").

Achieving our goals through positive political means takes four skills.[14]

1. *Social astuteness*. Politically skilled people are keen observers of other people and know how to interact in social situations. They might decide that now is not a good time to approach a supervisor who has had a stressful week, for example. They are also highly self-aware, knowing how they come across to others, presenting themselves and their work in a positive light.
2. *Interpersonal influence*. Those with political skills can adapt their behaviors to the specific situation. They know which ideas

will be of most interest to a particular leader, for instance, and what arguments will be most effective when approaching individual colleagues.

3. *Networking ability*. Politically skilled individuals know how to make friends, form alliances, build coalitions, and make connections with powerful people. Their networks form social capital that can be drawn upon when promoting ideas or projects. These members are frequently good negotiators and deal makers who are skilled at conflict management.
4. *Apparent sincerity*. When it comes to sincerity, perception is more important than reality. Even the most sincere people will be distrusted if they are seen as manipulative. Those skilled at positive politics communicate that they don't have ulterior motives and can be trusted.

Question 4: What Factors Contribute to Empowerment?

There are both ethical and practical reasons for giving power away. Distributing power to others supports such important ethical values as individual autonomy, fairness (equality), and concern for others. Empowered employees are typically less self-centered. Feeling trusted and supported, they reciprocate by engaging in fewer unethical behaviors and by considering the good of coworkers and the organization when making choices.[15] At the same time, empowering followers boosts the bottom line. Researchers report that empowered individuals and groups perform better. People like their jobs more, work harder, take more responsibility, and are more committed to their organizations when they feel that they have a significant voice in shaping decisions.[16] They're more likely to cooperate as well. Paradoxically, you gain more power by distributing it to others.[17] Because the performance of the group increases, so do perceptions of your power. Empowerment also fosters the personal growth of followers. Sharing power can help them learn new skills, tackle new challenges, and find greater fulfillment. (Turn to Case Study 5.1 at the end of the chapter to see how one company takes power sharing to a new level.)

Psychological empowerment refers to increased motivation to carry out tasks associated with work roles. This heightened motivation is the product of four factors.[18] (You can measure your degree of psychological empowerment by completing Self-Assessment 5.1.)

1. *Meaning*. Meaning is the value placed on a task, goal, or purpose based on personal standards. The better the fit between the purpose of the task and our standards, the greater our motivation to do the job.
2. *Competence*. Competence is the belief that we can do the job required. It is part of a broader sense of personal power or self-

efficacy. Self-efficacy is the conviction that we can deal with the events, people, and situations at work and in other environments.[19]

3. *Self-determination*. Self-determination is the sense that we have a choice in how we carry out our jobs—when to start, how fast to work, how to prioritize tasks.
4. *Impact*. Impact is the extent to which we can influence the larger organizational environment. Those with a high sense of impact believe that they make a difference in the work group's operating procedures, plans, and goals.

All four of the cognitive components of empowerment are shaped by elements of the work group environment. As a consequence, we can boost perceptions of empowerment as managers by modifying the setting where work occurs. Practices that eliminate feelings of powerlessness while, at the same time, encouraging employee involvement include (1) participative decision making, which solicits employee input; (2) skill/knowledge-based pay, which compensates workers for expanding their abilities; (3) open flow of information, both downward (goals, financial performance) and upward (employee feedback and ideas); (4) flat organizational structures, which are decentralized; and (5) training to build personal knowledge and skills as well as an understanding of the larger organization.[20]

Organizational empowerment has its share of critics.[21] Some complain that empowerment is just a management fad and that far too many organizations give it lip service only, resisting any meaningful change efforts. Employees then become disillusioned and resentful as trust breaks down. Others complain that managers and employees understand the term *empowerment* differently. Empowered employees may expect to be treated equally, while managers view empowerment as a means for better getting the work done. The most cynical observers believe that empowerment is a form of exploitation. In participative systems, workers contribute

more ideas and energy but don’t get rewarded for their additional efforts.

These criticisms are valid. Empowerment can be faddish and exploitive. Yet it doesn’t have to be. Empowerment has stood the test of time. Many companies, for example, incorporate self-directed work teams into their organizational designs. And truly empowering organizations back up their talk with their walk, following through on their commitment to change. These groups recognize that genuine empowerment benefits both workers and management. They boost compensation for those who accept more responsibility.

Self-Assessment 5.1: Psychological Empowerment Instrument

Instructions

Listed as follows are a number of self-orientations that people may have with regard to their work role. Please indicate the extent to which you agree or disagree that each one describes your self-orientation using the following scale.

1 = *Very strongly disagree*; 2 = *Strongly disagree*; 3 = *Disagree*; 4 = *Neutral*; 5 = *Agree*; 6 = *Strongly agree*; 7 = *Very strongly agree*

1. I am confident about my ability to do my job.	1	2	3	4	5	6	7
2. The work that I do is important to me.	1	2	3	4	5	6	7
3. I have significant autonomy in determining how I do my job.	1	2	3	4	5	6	7
4. My impact on what happens in my department is large.	1	2	3	4	5	6	7

5. My job activities are personally meaningful to me.	1	2	3	4	5	6	7
6. I have a great deal of control over what happens in my department.	1	2	3	4	5	6	7
7. I can decide on my own how to go about doing my own work.	1	2	3	4	5	6	7
8. I have considerable opportunity for independence and freedom in how I do my job.	1	2	3	4	5	6	7
9. I have mastered the skills necessary for my job.	1	2	3	4	5	6	7
10. The work I do is meaningful to me.	1	2	3	4	5	6	7
11. I have significant influence over what happens in my department.	1	2	3	4	5	6	7
12. I am self-assured about my capabilities to perform my work activities.	1	2	3	4	5	6	7

Scoring

Meaning: Add up your scores for items 2, 5, and 10 and divide by 3. Mean _____

Competence: Add up your scores for items 1, 9, and 12 and divide by 3. Mean _____

Self-determination: Add up your scores on items 3, 7, and 8 and divide by 3. Mean _____

Impact: Add up your scores on items 4, 6, and 11 and divide by 3. Mean _____

Total: Add up your scores for all 12 items and divide by 12. Mean _____

Higher mean scores (range 1–7) indicate a greater sense of empowerment on a particular dimension as well as an overall sense of empowerment.

Source: Adapted from: Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal, 38,* 1442-1485. Used by permission.

ETHICAL ISSUES IN INFLUENCE

Selecting the appropriate tactic is one of the most important choices we make when exerting influence. Ethical considerations should always play a central role in this determination. In the remainder of this chapter we'll look at the ethical issues raised by six widely used organizational influence strategies: framing, proactive tactics, impression management, deception, emotional labor, and the communication of expectations.

Framing

Successful influence often begins with creating the right frame. Frames are mental pictures or interpretations that shape understanding of reality.[22] Interpretive frames have much in common with picture frames:

> The way a photograph is matted and framed brings out some aspects of the photo more than others. Certain mat colors and frame shapes can drastically alter the appearance of a photograph. Particular aspects of the photograph can be made central, others made peripheral and still others cut out entirely by the placement of the frame. A cognitive, interpretive frame operates the same way: a held frame may privilege certain aspects and angles of an entity, issue or event, and de-emphasize or ignore other aspects. By employing one frame verses another, our interpretation of that reality may be drastically altered, and our future action influenced.[23]

Public policy advocates and politicians recognize the power of frames. For example, proponents of assisted suicide describe it as "death with dignity"; opponents claim that doctors shouldn't "play God." President Donald Trump described the impeachment inquiry as a "witch hunt" and as a "lynching" (which offended African Americans). House Speaker Nancy Pelosi argued that the inquiry was justified because "the future of our democracy is at stake."

Success or failure often rests on convincing others to adopt the desired frame.[24] A study of how cardiac surgery departments responded to a new, less invasive way to conduct heart operations illustrates this fact. The new procedure not only required surgeons,

nurses, and other members of the surgery team to learn new equipment, but it also required more coordination among team members. When implementation failed, it was because departments adopted a performance frame. Guided by this frame, which focused on getting the job done, team members believed that the new procedure was not that different from the previous method. They thought they knew what to do and failed to coordinate their activities. Team members operated independently and the surgeons treated everyone else as subordinates. When implementation succeeded, cardiac departments adopted a learning frame—to learn as much as possible to anticipate what to do next. Guided by this frame, surgery team members viewed the new practice as a challenge and an opportunity to try new things. They spent time practicing the procedure. They saw themselves as interdependent, and the surgeons told the nurses that they were valued resources.[25]

Gail Fairhurst urges communicators to morally position themselves when framing by tying into the ethical codes and values of their organizations.[26] These codes (see Chapter 9) keep framers from pursuing selfish interests while acknowledging that others also have legitimate concerns. She cites the example of three CEOs to illustrate the contrast between selfish and morally positioned framing. When asked about the consequences of moving jobs overseas, then Cypress Semiconductor CEO T. J. Rodgers framed his response in economic terms, saying some American jobs "didn't have a right to exist." When asked to defend his compensation, former Scott Paper and Sunbeam-Oster CEO Al Dunlap framed his response in terms of superior ability. He claimed that he was one of the "superstar executives" who deserved to be paid extremely well. When asked whether employees at a soon-to-be-closed Alabama plant deserved their fate, then Van Heusen CEO Bruce Klatsky framed his response in moral terms instead. He replied that these employees didn't deserve what was to happen. He was "scared to death for them," which made it hard for him to sleep.

The importance of creating ethical frames is highlighted by the fact many organizational miscues come from frames that ignore ethical considerations. Consider the case of a major U.S. life insurance company found guilty of deceptive sales practices during the 1990s. Salespeople falsely promised customers "free insurance" by claiming that annual dividends paid by policyholders would always cover the cost of future premiums. They also engaged in "churning," continually putting customers into new products that generated higher commissions. A number of frames embedded in the corporate culture—none of which took ethical behavior into account—led to this misconduct. These frames were related to (1) products (the dividends were virtually guaranteed), (2) customers (buyers were underinsured and needed more coverage), and (3) insurance regulations (compliance with external requirements was a meaningless ritual).[27]

Proactive Tactics

Proactive influence tactics are focused on achieving immediate objectives by convincing targets to go along with requests. Gary Yukl of the State University of New York at Albany and his associates have identified the following as proactive influence strategies commonly used in organizations.[28]

1. *Rational persuasion:* Offering explanations, factual evidence, and logical arguments to demonstrate that a proposal or request will attain task and organizational objectives. Examples: "Research shows that there is a need for a new hospital." "Hiring a new finance professor will draw more students to the major."
2. *Apprising:* Explaining how compliance with the request will benefit the target (e.g., help a career, make a job more interesting). Examples: "Taking the sales training will help you make your sales quota." "Accepting a position at company headquarters should get you promoted faster."
3. *Inspirational appeals:* Creating enthusiasm by appealing to ideals and values; arousing emotions. Examples: "Investing in the new engineering software will make our product the highest quality in the industry." "Joining our research team will put you on the front lines in the fight against cancer."
4. *Consultation:* Soliciting support by seeking suggestions for improvement; asking for input when planning a strategy, an activity, or a change. Examples: "How do you think we can attract more qualified job applicants?" "Take a look at these plans for the new store and let me know what you think."
5. *Collaboration:* Providing resources and assistance if the target of the request complies. Examples: "If you can provide the staffing, I can get the necessary funds to complete the project." "I could go with you to talk to your boss about the proposal."

6. *Ingratiation:* Generating positive feelings by the use of flattery and praise either before or during a request; expressing confidence in the target's ability to satisfy a difficult request. Examples: "Since you know the product much better than I do, you should make the sales call." "You are the only person on the team who can create the phone app."
7. *Personal appeals:* Appealing to feelings of loyalty and friendship when requesting something. Examples: "As a friend, do me a favor, and switch shifts with me." "We've worked together for a long time, so I am counting on you to vote for me when I run for union steward."
8. *Exchange:* Providing something the target wants in return for compliance; trading favors; promising to reciprocate later or to share the benefits when the job is completed. Examples: "If you support my request for highway funds for my legislative district, I'll support your request for your district." "If you invest more in our start-up now, you will have a bigger share of the company when it goes public."
9. *Coalition building:* Enlisting the help of others or using the support of coworkers to convince the target to go along with the request. Examples: "The divisional vice president supports this policy change." "Your friend Sue from accounting really likes this idea."
10. *Legitimating tactics:* Claiming the right or authority to make a request; aligning the request with the organization's rules, policies, and traditions. Examples: "The policy manual states that I can't be forced to work overtime two weekends in a row." "Your company signed a lease stating that you would pay $5,000 a month for the space."
11. *Pressure:* Demanding, threatening, checking up; persistent reminders. Examples: "If you don't pay the rent on time, we'll evict you." "Have you had a chance to read that report yet?"

Legitimating and pressure tactics, which are based on hard power, are more likely to be abused. Soft power strategies—rational persuasion, ingratiation, apprising, consultation, collaboration, and

inspirational appeal—pose less danger and are most effective. Nevertheless, any tactic can be misused. Compliance gainers can distort the facts when using rational persuasion or offer an exchange based on promises they never intend to keep.[29] As we noted in our earlier discussion of power, the morality of a particular strategy depends on our ends or goals. Rational persuasion and inspirational appeal can support legitimate or illegitimate requests, for example. Legitimating tactics and pressure may be necessary when pursuing important organizational goals or when enforcing safety regulations.

Determining an *ethical-emotional threshold* is one way to decide when harder tactics are justified.[30] This threshold is based on the level of negative emotions that influencers are willing to generate. Normally the threshold is high. In other words, persuaders are reluctant to create anger and other negative emotions when influencing others. However, the threshold should be set lower if necessary. Be willing to generate negative feelings when dealing with destructive behaviors like aggression and stealing. Don’t hesitate to claim authority or to threaten to end these unethical and illegal activities.

Impression Management

In the organizational setting, you'll have little chance of getting what you want unless you create the desired image. Want a raise? Then you must convince your supervisor that you are hardworking and productive. Want to be assigned to be a project leader? Then you must be seen as competent and able to manage others. Want to make a sale? Then customers must perceive that you are honest and trustworthy. Want more staff for your work group? Then you'll have to convince the management team that your group is critical to the organization's success.

Scholars use the term *impression management* to describe how people try to control the images others have of them through their behaviors.[31] Impression management is a part of all human interaction, but it is particularly evident in the organizational setting. In a very real sense, organizations act as stages. On the organizational stage, members perform a variety of roles for different audiences. Consider the average professor, for instance. Faculty members are typically evaluated on their teaching, scholarship (research), and service. To succeed, our instructor will have to perform well in the classroom, write for scholarly publications and present papers to academic peers, and demonstrate leadership at the university and in the local community. Each of these audiences requires a different performance. The highly technical jargon of the academic journal or presentation won't work well, for instance, with community audiences. The ability to accurately evaluate student work is essential to a successful teaching performance but has little relevance to research and service.

There are a variety of ways to manage the image that others have of us in the organizational setting, ranging from what we say and wear to the layout of our dorm rooms and offices. These tactics can be divided into two major categories: *acquisitive impression*

management and *protective impression management*.[32] Acquisitive tactics are attempts to be seen in a positive light; protective tactics are attempts to avoid looking bad. Both sets of tactics, in turn, can be directly or indirectly applied. Parties use direct tactics during interactions, while indirect tactics involve the process of association. If Dan wants to convince Mary that he deserves a raise, he might point out how hard he works. Or he might take a more indirect approach, counting on Mary to remember that he was part of the team that launched the company's hottest new product. A catalog of organizational impression management tactics is provided in Ethical Checkpoint 5.1.

Ethical Checkpoint 5.1

Impression Management Tactics

Acquisitive/Direct Tactics

1. Ingratiation

   Goal: To appear more likeable and attractive

   Examples: Expressing similar attitudes, doing favors, flattering, complimenting, publicizing one's desirable qualities

2. Self-Promotion

   Goal: To appear competent

   Examples: Claiming relevant work experience on a résumé, mentioning a high grade point average in a job interview

3. Intimidation

   Goal: To gain social power and influence by appearing dangerous

   Examples: Using coercive power to ensure follower compliance, using counterpower—lawsuits, a tough image—to intimidate superiors

4. Exemplification

   Goal: To generate impressions of integrity and morality

   Examples: Publicizing self-sacrifice (working over the weekend or while sick), going beyond the call of duty

5. Supplication

Goal: To secure help by appearing incompetent

Examples: Asking for help with a new computer program, claiming lack of experience to get someone else to take the lead on a project

Acquisitive/Indirect Tactics

1. Acclaiming

   Goal: To highlight a relationship or association with a successful occurrence

   Examples: Claiming to be responsible for success (softball team victory, higher sales), maximizing the value of a positive event (noting that not only did you graduate from college, but you graduated from one of the country's top-rated universities)

2. Nonverbal Impression Management

   Goal: To encourage liking through nonverbal behaviors

   Examples: Smiling and leaning forward during a job interview, renting expensive office furniture to create an image of financial stability

Protective/Direct Tactics

1. Accounts

   Goal: To lessen or repair the damage after a failure has occurred

   Examples: Making excuses—admitting that an action is wrong but denying responsibility for it ("It wasn't my fault"); offering justifications—accepting responsibility but claiming that the event wasn't as bad as it seemed or that the behavior was justified

2. Disclaimers

   Goal: To lessen the potential damage that might be caused by an upcoming failure event

   Examples: Claiming credentials to make racist comments ("Some of my best friends are …"), claiming an exception to the rules, asking for a suspension of judgment ("Don't decide until you hear me out")

3. Self-Handicapping

   Goal: To put self-imposed barriers in place when outcomes are uncertain, in order to maximize the value of success and minimize the penalties for failure

   Examples: Claiming to be coming back from an injury prior to a racquetball game with a coworker, mentioning an illness that prevented you from doing as much research as you wanted

4. Apologies

Goal: To obtain pardon by admitting responsibility and blame

Examples: Expressions of remorse, offers of restitution, requests for forgiveness

Protective/Indirect Tactics

1. Blaring

   Goal: To disassociate from a negative event or person

   Examples: Publicizing a lack of connection with the occurrence or individual ("I had nothing to do with that project"; "I was always suspicious of him")

2. Blasting

   Goal: To exaggerate the bad qualities of a person to whom we are connected but don't want to be

   Examples: Pointing out the poor work habits of another team member, claiming that a supervisor is abusive

Source: Rosenfeld, P., Giacalone, R. A., & Riordan, C. A. (1995). *Impression management in organizations: Theory, measurement, practice*. London UK: Routledge. Used by permission.

Some observers equate impression management with manipulation. To them, impression managers are phonies who try to deceive others by projecting a false image when they should strive to reflect their "true" selves instead. They note that competent performers get passed over in favor of employees who ingratiate themselves with the boss.

It is easy to see why impression management would be viewed with suspicion. We probably have all encountered individuals who are "all style and no substance" or, in cowboy parlance, "all hat and no cattle." These coworkers are all too ready to change their behaviors and standards to conform to the wishes of others. They get ahead

by projecting a good image instead of through hard work. Our academic and work careers may have languished because professors and supervisors played favorites. Those focused on self-enhancement may even be less productive because they spend so much energy on self-presentation. To maintain a competent image, self-promoters may refuse the help they need to complete their tasks.

Ingratiation, in particular, has a bad reputation. Ingratiation is one of the most popular impression management techniques because flattery, agreeing with the other party, and doing favors are highly effective in influencing others, particularly in organizational settings. Ingratiation puts the target in a positive frame of mind and makes the recipient feel obligated to return the favor. The influencer appears more attractive and communicates liking for the target. Feeling liked, the target generally responds in kind.

While effective, ingratiation can backfire. Business journals warn of the "sneaky tactics" subordinates use to manipulate their bosses. We recognize transparent attempts to "kiss up" to a supervisor or teacher, as in the case of a student calling an instructor "the greatest professor ever" right before grades are due.

A number of ingratiation tactics appear devious. These include (1) lying about the good qualities of the target, or pretending to support or disagree with the other party; (2) obscuring the intent to ingratiate by disagreeing on minor matters while agreeing on important ones; (3) yielding by disagreeing at first and then changing to agreement to avoid appearing to be a "yes person"; (4) flattering someone through someone else (telling the boss's administrative assistant how great the boss is); and (5) and using a series of ingratiation tactics over time to get one's way.[33]

Research confirms that we are right to be concerned about the ethics of impression management. Skilled impression managers are more likely to be hired and promoted regardless of ability. This puts

women, who are more likely to rely on their performance to get ahead, at a disadvantage. Careerists who care little about coworkers and organizational goals use self-promotion to advance themselves at the expense of others.[34]

Deceit can quickly turn impression management into manipulation, as in the case of job applicants who overstate their skills and background. One study reported that 95% of college students were willing to make at least one false statement in order to get a job. More than 40% of the respondents in the same study had already done so. This happens despite the fact that falsifying credentials and past accomplishments can serve as grounds for dismissal and even criminal charges. The principal of Pittsburg (Kansas) High School had to resign when students from the school newspaper discovered that she had purchased her university degree from a diploma mill and was not licensed to teach in the state. A top Norwegian health official was sentenced to 14 months in prison and ordered to pay restitution after authorities learned she didn't have the degrees she claimed and wasn't even a registered nurse. (We'll take a closer look at the ethics of deception in the next section.) Some deceitful impression managers go a step further, creating a positive image in order to carry out their crimes. Fraudsters, for instance, succeed in stealing company funds because they convince their coworkers that they are trustworthy. (Case Study 5.2 describes a skillful impression manager who carried out a massive theft.)

Recognition that impression management is prone to abuse does not mean we should abandon this form of influence. In fact, it would be impossible to do so. Impression management is found in every culture. Whatever the particular setting, humans want to achieve their goals and to be seen in a favorable light. As one pair of observers notes, "Other than walking upright and producing speech, there are few qualities so manifestly human as impression management."[35] Impression management is also hard to eliminate because it can occur at the unconscious or semiconscious level. For

example, you may not have given much thought to why you brushed your teeth this morning or chose a particular shirt or top to wear. Yet both of these activities help shape the impressions you make on others throughout the rest of the day. Other organizational members are forming impressions of us, whether we are intentional about our behaviors or not. Our attempts to avoid impression management tactics also influence the impressions of others. Take the example of job applicants who think that dressing up for an interview is "fake." Their sloppy appearance manages the impressions of the employer, only in a negative manner. The interviewer may think that they don't understand what the business world is like, that they don't care enough about this job to make an effort to look good, or that their work habits may match their appearance.

Impression management serves many useful purposes. Creating positive impressions on coworkers fosters cooperation and team satisfaction. More often than not, individuals use it to project an image that is congruent with who they think they are. Rather than deceiving or manipulating others, they want to accurately reflect their identities. Impression management is also essential to accomplishing moral objectives. Convincing management that a department legitimately needs more resources benefits both the work unit and the total organization. Department members will feel fairly treated and produce more. Organizational performance will likely increase because budget and personnel will be strategically allocated.

Even ingratiation has its place in the organization despite its poor reputation. It can facilitate relationships, increase harmony and collaboration, counter stereotypes, help "outsiders" become "insiders," and bind organizational members together. Ingratiation may be the only way for some subordinates to enhance their power, reducing the power differential between them and their supervisors. There are times when we honestly admire what the boss has done or agree with the ideas of a coworker. We should change our

opinions when convinced to do so and do favors to help, not manipulate, others.

Organizational impression management experts Paul Rosenfeld, Robert Giacalone, and Catherine Riordan offer the following standards for determining whether impression management is beneficial or detrimental to an organization.[36] Beneficial impression management (1) facilitates positive interpersonal relationships both inside and outside the organization; (2) accurately portrays positive people, products, and events to insiders and outsiders; and (3) facilitates effective decisions. Dysfunctional impression management (1) inhibits or obstructs internal and external relationships; (2) inaccurately casts persons, events, and products in a bad light; and (3) distorts information, which leads to erroneous conclusions and decisions.

Under these standards we have a responsibility to generate accurate images. For example, it would be unethical to wear the college pin of the job interviewer to imply that we went to the same school as the interviewer did. At times we may have to correct wrong impressions. In the case of the job interview, if the interviewer has the mistaken impression that we attended the same school, we have a responsibility to make it clear that we did not.[37] We also need to resist the temptation to exaggerate by, for instance, claiming more than our fair share of the credit for a class group project or overstating how much we like the boss's ideas.

Self-interest should always take a back seat to the interests of others, which means that impression management ought to be a tool for carrying out our roles in a way that benefits both the organization and its constituencies. Consider the impact of your tactics on coworkers.[38] Behaviors that generate positive outcomes for you might have negative consequences for others. Ingratiation and supplication may get you better job assignments and raises but leave fewer desirable tasks and less money for workmates. Even

exemplary behaviors might have unintended negative consequences for coworkers. Coming in early and staying later may "raise the bar" for colleagues, making it harder for them to reach excellent performance levels.

Targets of impression management tactics have an ethical responsibility to ensure that agents aren't unduly or unfairly shaping decisions and outcomes. Job interviewers and human resource personnel ought to use objective criteria in hiring decisions. Managers should be aware that they are susceptible to influence and encourage followers to disagree and to tell them the truth.[39] (If supervisors suspect they are being manipulated, they probably are.) They need to beware of playing favorites and also base personnel decisions on established metrics, knowing that women in particular may not trumpet their accomplishments as much as men do. Careerists should be confronted. Their success should be tied to how well they cooperate in a group, not to how well they promote themselves.

Deception

Deceit, as noted in the previous section, is often used in influence attempts. Deception is defined as knowingly trying to mislead others. In the organization, deception takes four forms. *Withholding* is omitting critical information, such as the fact that the project is seriously behind schedule. *Distortion* (*lying*) is altering important information, as in telling the boss that the project is on schedule when it is not. *Ambiguity* is sharing vague messages that have multiple meanings, as when saying there are some concerns about the project but not being specific about the problems. *Changing the subject* involves switching topics during a conversation, such as talking about holiday plans when asked about the status of the project.[40]

Lies or distortions are the most obvious example of messages designed to convince others of something we ourselves don't believe. Liars (1) are aware that the information is false and (2) knowingly deliver a message with (3) the intent to mislead someone else. Explanations for the causes of organizational lying generally fall into two categories: self-interest and role expectations/conflict.[41] Members lie for personal benefit—to cover up a mistake, save money, further a career, earn a bonus, or avoid conflict with the boss. They also lie when faced with unrealistic performance expectations and to relieve tension between the various roles they play. For example, a contractor who is unable to meet expectations by completing two remodeling projects at the same time may falsely claim to be waiting for materials in order to placate one homeowner while working at the other job site.

The combination of role expectations/conflict and self-interest is more likely to result in deceit than is either factor on its own. Role conflict acts as a stimulus, providing the reason to lie; rewards then provide the motivation or encouragement to engage in lying. The

contractor in our example feels caught between two sets of role expectations and obligations, and his lie pays off by buying him more time to complete (and to get paid for) both tasks.

Most moral thinkers concur that lying is wrong.[42] Deontological theorists (and some theologians) generally prohibit lying on the basis that such behavior violates moral law or duty. If everyone lied, we would lose our confidence in verbal commitments and in the value of speech itself. Many utilitarians point out that lies typically cause more harm than good. Even if the benefits of a particular lie outweigh the harm (telling "white" lies to protect the feelings of a coworker, for instance), the practice of lying generates more costs than benefits. Virtue ethicists note the damage done to the character of the person who lies. Habitual lying becomes second nature, driving out such virtues as honesty, consistency, and integrity.

Researchers who study lying in the organizational context note that lying is costly to organizational performance. Lies not only undermine trust; they corrupt the flow of information essential to organizational decisions and coordination. Deception damages the reputation of the organization, lowers job satisfaction, drives out ethical employees, and encourages further dishonesty.[43]

While the preponderance of evidence suggests that lying and related forms of deception are unethical, there are a number of exceptions to this general rule. The law allows police officers to lie to suspects in order to obtain confessions, for instance, and we applaud investigators who go undercover to reveal fraud and corruption. Organizations maintain trade secrets, and nations attempt to dupe each other during war.

Business ethicist Thomas Carson offers a version of the Golden Rule as one way to affirm our commitment to the truth while acknowledging that deceit may be justified in special circumstances.[44] Consistency is the key to determining if deception is ethical, according to Carson. If we object to being lied to, then it

is unethical to lie to others about a similar act. For instance, the plumber who overcharges for plumbing repairs but objects to being overcharged for a car repair has no right to complain. After all, the plumber engages in a similar behavior. Further, if we object to the harm done to family, coworkers, and the organization by the deceit of others, then we shouldn't engage in similar deceit ourselves.

Carson's version of the Golden Rule carries a presumption against lying and deception since most of us object to being harmed and object when those we care about are harmed. However, this standard allows for some exceptions. Most of us would approve of lying to save our own lives and the lives of others or to capture terrorists.

Like Carson, Sissela Bok also contends that truth should function as the moral standard.[45] She offers the *principle of veracity* as a way to affirm our commitment to the truth while acknowledging that deceit may be justified in special circumstances. Liars must assume the burden of proof if they want to violate this standard, establishing that deceit is warranted. In particular, they need to look at the lie from the target's point of view. Deception might be justified from the liar's vantage point, but it's much more difficult to defend lying when taking the other person's perspective. Targets of deception typically feel victimized even by well-intentioned lies.

What special circumstances might permit lying? Bok doesn't offer a definitive list but suggests that deception might be justified when (1) there is significant threat to life and safety; (2) society has publicly agreed that certain forms of deceit can be used, like unmarked patrol cars, surprise audits, and random drug tests; and (3) both parties acknowledge that the situation calls for mutual deceit (a poker game, bargaining at a foreign bazaar).

The principle of veracity would outlaw many common lies and other forms of deception, like overstating a company's income, offering an unrealistically optimistic status report on a product, or padding

résumés and expense accounts. Salespeople would have a duty to tell the entire truth about their products (including possible hazards) and refuse to steer customers toward purchases that might harm them.

As a leader, you can lower the frequency of deception in your organization because you determine both the roles that employees play and the rewards they receive. Reduce the pressure of role conflicts through clarifying expectations and chains of command, opening up lines of communication to resolve role issues, and making sure that you don't set unreasonably high expectations that tempt workers to lie. Improve your ability to detect deception (see Contemporary Issues in Organizational Ethics 5.1). "Teach" employees that honesty pays by rewarding integrity while punishing offenders. Finally, make honesty a core value, highlighting it in mission statements and codes of ethics while promoting truthful interactions with all constituencies.

Contemporary Issues in Organizational Ethics 5.1: Detecting Deception: Cues vs. Context

"Any lie in an organization can be a high-stakes lie," according to organizational deception expert Anne Hubbell.[1] She points out that deceit can result in employees being falsely written up, decreases in productivity and trust, fraud, and even bankruptcy and lawsuits. The estimated cost of business dishonesty in the United States ranges from $6 to $200 billion annually with 45% of employees reporting that they have lied to someone in their organization. Given the high cost of deception, organizational members have an ethical duty to detect efforts to deceive. Yet, how to catch liars is a matter of some debate. Cue detection theorists look for behaviors that signal that someone is lying based on the premise that there are psychological differences between truth telling and lying. Lies are more arousing, take more effort, are more emotional, and take greater self-control. As a result, they should reveal themselves ("leak out") through brief facial displays of fear, averted gaze, more leg movements, longer answers, and so on. However, according to the findings of over 300 studies, when it comes to identifying liars, individuals relying on deception cues do only slightly better than chance.

Other theorists contend that, instead of looking at behavioral cues, lie detectors should ask questions and consider the context instead. Strategic questions are designed to make senders more transparent, giving them additional opportunity to demonstrate their honesty or to give themselves away. For example, police officers might ask suspects what their partners would say about a crime. Considering the context

means looking for clues in the situation: How does a coworker's claim match with what we already know? How does this person usually respond? How does the process typically work? Knowledge about incentives to lie is particularly important. Detection accuracy increases dramatically when observers learn that senders have an incentive to lie (i.e., get a job, earn more money, avoid punishment). But getting lie detectors to pay attention to the context can be difficult. Nonverbal deception cues have a "strong mystique" and fascinate laypeople and researchers alike.[2] Thus, receivers continue to look for behavioral signals of deceit even though there are much more effective strategies for identifying liars.

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Emotional Labor

Emotional labor is a special form of impression management that is increasingly common in the modern economy, in which an estimated 8 out of every 10 workers are employed in service industries.[46] In emotional labor, frontline workers—baristas, restaurant servers, sales representatives, counter staff, receptionists, retail clerks—manage their feelings so that they can present the desired bodily and facial displays to the public. Service personnel may have to hold back their anger at obnoxious clients, project enthusiasm to everyone entering the store, or answer the same questions with "smiles in their voices" time after time after time. Emotional labor is different from other forms of impression management because (1) control of feelings is done for pay; (2) emotional laborers interact with outsiders, not with other organizational members; (3) emotional displays are governed by organizational rules; and (4) this form of influence raises its own special set of ethical issues.

Sociologist Arlene Hochschild, who coined the term *emotional labor*, studied the emotional performances of Delta flight attendants who had to project a warm, helpful persona to passengers, even rude ones. Subsequent researchers examined the emotional labor of frontline service workers in a wide variety of settings, including, for example, convenience stores, beauty salons, schools, hospitals, fast-food restaurants, a cruise ship, Disneyland, door-to-door insurance sales, and a 911 operations center.[47] Investigators discovered that emotions can be managed for neutral or negative displays as well as for "nice" ones. For example, psychiatric workers try to remain calm in the face of abuse, and police officers and bill collectors express irritation and anger to intimidate suspects and to collect delinquent accounts.[48]

Emotional labor works. Employees who express positive moods through greeting, smiling, and eye contact encourage customers to

develop positive feelings about the organization and its products and services. These feelings, in turn, prompt customers to buy.[49] Emotional contagion helps account for much of the relationship between positive emotional displays, sales, and satisfaction. In service encounters, the happy affect of employees often spreads to customers, who return greetings, smile, and make eye contact. Emotional influence is particularly powerful because it often operates below the level of consciousness. We are often unaware that our emotions (in this case, positive moods) have been aroused and that they are influencing our behavior. Since we don't realize that our emotions are being managed, we can't counteract their effects by, say, reminding ourselves to think more carefully about the possible disadvantages of a product or service.

Because emotional labor is so effective, organizations go to great lengths to control the emotional behavior of their frontline workers. Managers ("emotional supervisors") may only hire individuals deemed to have "friendly, outgoing" personalities. Once hired, new employees go through orientation and training sessions that introduce them to the corporation's guidelines and formulas for customer service. Emotional routines or scripts tell workers both what to say and how to act. They are given lines like "Welcome to ____" "How is your day today?" and "Have a great day!" These lines are packaged with uniforms (smocks, aprons, name tags, blazers), smiles, eye contact, attentive posture, and vocal enthusiasm.

The practice of emotional labor raises a number of important ethical issues. To begin, all these programmed emotional displays can be costly to employees. Emotions, traditionally considered the worker's private concern, are now "owned" by the organization.[50] Service providers feel the tension between wanting to maintain their ideal or authentic selves and following organizational rules. Being forced to display emotions that aren't felt (or that contradict feelings) can produce dissonance. This dissonance may lead to stress, cynicism, burnout, low self-esteem, illness, job turnover, and difficulties in

home and work relationships. Intrusive emotional scripts threaten the dignity of the individual and can reinforce gender stereotypes. Women programmed to be flirtatious, outgoing, and friendly, such as waitresses at Hooters restaurants, run a higher risk of becoming the targets of sexual harassment.

Not everyone is convinced that emotional labor is harmful.[51] Some researchers defend these performances. They point out that service providers aren't robots. Frontline employees sometimes fight the organization's attempts to control their feelings and can adjust their performances when needed. Convenience store clerks are friendlier during slow periods, for instance. When lines develop, they adopt a more efficient manner. Emotional labor can also be enjoyable. One group of 911 dispatchers reported that emotional work was the highlight of their jobs, providing comic relief and excitement.

The amount of damage done by emotional labor depends in large part on whether employees engage in *deep* or *surface acting*. In *deep acting*, workers embrace their roles and display what they genuinely feel. They enjoy a good fit with the job and the organization, convinced their roles allow them to express their core identities. These individuals believe that they can "be themselves" at work and experience little dissonance. In *surface acting*, workers experience a disconnect between their feelings and their emotional expressions, which is stressful. Surface acting feels inauthentic because it disguises their true emotions. Nevertheless, employees engaged in surface acting can find their moods shifting to fit their performances. There is some evidence that acting cheerful, even when we are not feeling particularly cheerful, reduces levels of stress hormones and increases resistance to disease. Further, in some roles, like nursing, positive affect is a form of altruistic behavior. We expect nurses to express optimism and concern for patients in order to alleviate their suffering and promote healing.[52] (Complete Self-Assessment 5.2 to determine if you engage in surface or deep acting on the job.)

As we can see, emotional labor can have both negative and positive effects on employees. Emotional labor is most damaging when employees (1) experience a great deal of dissonance between their felt and expressed emotions (when surface acting), (2) are not suited for service roles, (3) must suppress negative emotions, (4) become emotionally exhausted from high levels of customer interaction, (5) must deal with aggressive clients, and (6) receive little emotional support from coworkers and the organization.

Self-Assessment 5.2: Emotional Labor Scale

Instructions

Think of a current or past job where you were in direct contact with customers or clients. If you haven't held such a position, you can give this scale to a friend, roommate, or family member in the service industry.

Respond to each of the following items on a scale of 1 (*not at all*) to 5 (*very much*).

In order to be effective in your job, how much are you required to do each of the following?

1. I put on a "mask" in order to display the emotions I need to display to customers for my job.	1	2	3	4	5
2. I fake a good mood to customers.	1	2	3	4	5
3. I put on an act in order to deal with customers in an appropriate way.	1	2	3	4	5

4. I just pretend to have the emotions I need to display to customers on the job.	1	2	3	4	5
5. I put on a "show" or "performance" for customers.	1	2	3	4	5
6. I work hard to feel the emotions that I need to show to customers.	1	2	3	4	5
7. I try to actually experience the emotions I must show to customers.	1	2	3	4	5
8. I make an effort to actually feel the emotions that I need to display toward customers.	1	2	3	4	5

Scoring

Items 1–5 measure your tendency to engage in surface acting; items 6–8 measure how frequently you engage in deep acting. Add up your scores on each dimension and divide by the number of items. The higher your mean score, the more likely you are to engage in that type of emotional labor. Surface acting is correlated with greater emotional dissonance and stress as well as with unethical behavior.

Source: Hong, H. C., Barnes, C. M, & Scott, B. A. (2017). Collateral damage from the show: Emotional labor and unethical behavior. *Business Ethics Quarterly, 27,* 513-540, p. 539. Used by permission.

Organizations can reduce the damage done by emotional labor by recognizing their moral obligation to members. This might mean doing the following:

- Providing potential employees with a realistic preview of the emotional demands of the job
- Hiring applicants who are emotionally sensitive and expressive
- Relying much less on scripts
- Reducing emotional display rules (particularly those that suppress negative emotions)
- Providing more opportunity for workers to develop personal performance styles
- Protecting employees from rude and aggressive customers

- Providing opportunities to discuss the emotional demands of the job
- Limiting the amount of acting required during a work shift
- Encouraging supervisors to be supportive of emotional laborers
- Encouraging peer support networks
- Providing adequate compensation for emotional laborers
- Allowing for expression of negative emotions when appropriate

As customers, we can also do our part in reducing the harm done by emotional labor. We can encourage consistency and authenticity in the service encounter by responding tactfully but honestly to emotional displays: "I'm not doing too well today, but thanks for asking"; "I appreciate your friendliness, but it is a little overwhelming this early in the morning." We can also allow service providers to step off script, to let authentic feelings emerge during the encounter. In one encounter, an airline passenger approached a ticket agent who seemed upset. The ticket agent began crying, explaining that she was substituting for a colleague while he visited his wife in the hospital. He had just called to say his wife had died. The agent apologized for losing emotional control. The passenger, setting aside her frustration at missing a connection, told the agent that employees should express their emotions when appropriate.[53]

Most importantly, we need to recognize the dignity of service providers, acknowledging that the customer is *not* always right. Avoiding the dysfunctional customer behaviors identified in Ethical Checkpoint 5.2 is one way to affirm the worth of emotional laborers. These actions can be intentional or unintentional, overt or covert. However, they all produce the same result: disrupting the service encounter at the expense of the emotional laborer.

Ethical Checkpoint 5.2

Dysfunctional Customer Categories and Behaviors

abusive egocentrics drunkenness

insulting whiners verbal and nonverbal abuse

hysterical shouters breaking company policies

dictators/bullies lack of cooperation

freeloaders *(Bitner, Booms, & Mohr, 1994)*

(Zemke & Anderson, 1990)

verbal aggression incivility

hostility rudeness

(Grandey, Dickter, & Sin, 2004) impolite

condescending

demeaning

(Marchiondo et al., 2015)

thieves sexual remarks

rule breakers screaming

belligerent bad manners

vandals demanding extras and extra attention

family feuders (fighters) arrogant

deadbeats insensitive

(Lovelock & Wirtz, 2007) (Knutson, Woods, & Borchgrevink, 1999)

Dysfunctional customer behavior is distressingly common. All the customer-contact employees interviewed in one study said they had witnessed or been involved in some form of customer dysfunction every day. Nearly 82% had seen or been subjected to violent or aggressive behavior over the last calendar year. A majority of respondents in another project reported receiving verbal abuse on a daily basis. Over a fifth of university staff in another study reported interpersonal mistreatment. Half of Canadian postal employees said they had been the target of customer misconduct during the past year.[54] (Turn to Case Study 5.3 for a closer look at a service industry that experiences a high level of dysfunctional customer behavior.)

Customer misbehavior has serious negative consequences for emotional laborers. Dark service encounters generate emotional exhaustion, lead to declines in individual and organizational performance, and cause providers to withdraw (call in sick, take more days off). Morale suffers and victims may take revenge through insults, delaying repairs, spitting in food, and so on. The impact of negative customer behavior can be long lasting. Years later, service personnel can recall dysfunctional encounters. They may still suffer from feelings of degradation and stress disorders.[55] No wonder those engaging in misbehavior are sometimes referred to as "customers from hell and!"

Saying that we should avoid dysfunctional customer behavior is one thing; doing so is another. We likely all have experienced poor service. We may have been ignored by retail clerks and restaurant servers, been put on hold for what seems like hours, been shipped the wrong package, been unable to get our computers fixed, and so forth. Getting upset and angry seems to be a normal reaction in such situations. (The author has frequently been guilty of this response.) However, we may need to do some deep acting of our own in order to avoid being customers from hell. Calm down by taking the perspective of the emotional laborer, who is often overworked and underpaid. In many cases, the emotional laborer isn't the cause of the problem and may not have the power to resolve the issue. Recognizing that people are intrinsically valuable, as we noted in Chapter 1, encourages us to act courteously and to demonstrate concern for others. Service people help reach our objectives but should never be treated solely as a means to an end. View the interaction as an opportunity to get what you need as quickly and painlessly as possible, *not* as an opportunity to vent or to take revenge on the company. Engaging in functional behaviors, like, being polite, listening, using a pleasant tone of voice, being patient. asking questions) will generally get us the results we desire. Then, too, we must be ready to admit that we, as customers, are not always in the right. We (not the customer service representative) let the warranty expire, we booked the wrong flight or hotel reservation, we ordered the wrong food or drink, we dropped and broke our cell phones, we forgot to pay the bill on time, and so on.

Communication of Expectations

The communication of expectations is a powerful organizational influence tool. That's because we have a tendency to live up to the expectations others place on us. Researchers refer to this phenomenon as self-fulfilling prophecy, or the Pygmalion effect, after the sculptor of Greek mythology. Pygmalion created a statue of a beautiful woman, whom he named Galatea. After the figure was complete, he fell in love with his creation. The goddess Aphrodite took pity on the dejected prince and brought Galatea to life.

Evidence of the Pygmalion effect has been discovered in a variety of organizational settings. For example[56]:

- Nursing home residents are less depressed and less likely to be admitted to hospitals when staff members believe that these clients will respond more favorably to rehabilitation.
- Followers are more likely to voice their ideas and concerns when leaders expect them to speak up as part of their jobs.
- Industrial trainees designated as "high-aptitude personnel" learn more quickly and are less likely to drop out.
- Patients in medical experiments improve when they receive placebos because they believe they will get better.
- The high expectations of teachers lead to higher student test and IQ scores as well as better performance on cognitive tasks.
- Subordinates can improve the performance of their supervisors by expressing high upward expectations (the reverse Pygmalion).

- Military personnel labeled as having high potential perform up to the expectations of their superiors. Those told that they can succeed are more likely to volunteer for dangerous special duty.

- In international relief agencies, the positive expectations of headquarters staff can improve the performance of local aid workers.

The Pygmalion effect is more pronounced with some individuals than others. Disadvantaged groups—those stereotyped as low achievers—tend to benefit most from positive expectations, as do those who lack a clear sense of their abilities or find themselves in a novel situation. Men seem to be more influenced by the expectancies of their managers than are women.[57] Negative expectations also have an impact on performance. This is sometimes referred to as the Golem effect (*golem* means "dumbbell" in Yiddish). Unless counteracted, these reduced expectancies lower performance.[58]

Verbal persuasion is the straightforward way to communicate expectations—for example, offering compliments, assuring others that they have the necessary ability, and stating that you expect great things from them. However, self-fulfilling prophecies are most often communicated indirectly through these four channels[59]:

1. *Climate*. Climate describes the social and emotional atmosphere individuals create for others. Communicators act in a friendly, supportive, accepting, and encouraging manner with people they like. This is done through using nonverbal behaviors that portray respect and warmth while avoiding behaviors that communicate disrespect, coolness, and superiority. Supervisors, for example, signal positive expectations through such immediacy behaviors as giving adequate time to employees, holding appointments in pleasant surroundings, sitting or standing close to workers, nodding and smiling, making

frequent eye contact, and using a warm tone of voice. (See Chapter 4 for more information on immediacy behaviors.)
2. *Input*. Positive expectations are also communicated through the number and type of assignments and projects given to workers. High expectations create a positive performance spiral. As employees receive and successfully complete more tasks, they gain self-confidence and the confidence of superiors. These outstanding performers are then given further duties, which they are more likely to complete as well.
3. *Output*. Those tagged as high performers are given more opportunities to speak, to offer their opinions, and to disagree. Superiors pay more attention to these employees when they speak and offer more assistance to them when they're solving problems. In the classroom, teachers call on "high achievers" more than "low achievers," wait less time for low achievers to answer questions, and provide fewer clues and follow-up questions to low achievers.[60]
4. *Feedback*. Supervisors give more frequent positive feedback when they have high expectations of employees, both praising them more often for success and criticizing them less often for failure. In addition, managers provide more detailed performance feedback to high-expectation employees. Just the opposite occurs with those labeled as poor performers. Supervisors praise their minimal performance more, reinforcing the impression that they expect less from these employees.

Pygmalion investigators wrestle with the ethical implications of this influence strategy, beginning with the use of deception. Experimenters typically deceive leaders by informing them that groups differ in abilities, even though they have been randomly assigned. Such tactics could be used in the organizational setting by telling managers that selected subordinates have more potential when, in reality, there are no data to support that assertion. Some researchers argue that this deceit would be justified because the organization would benefit from the superior performance of those

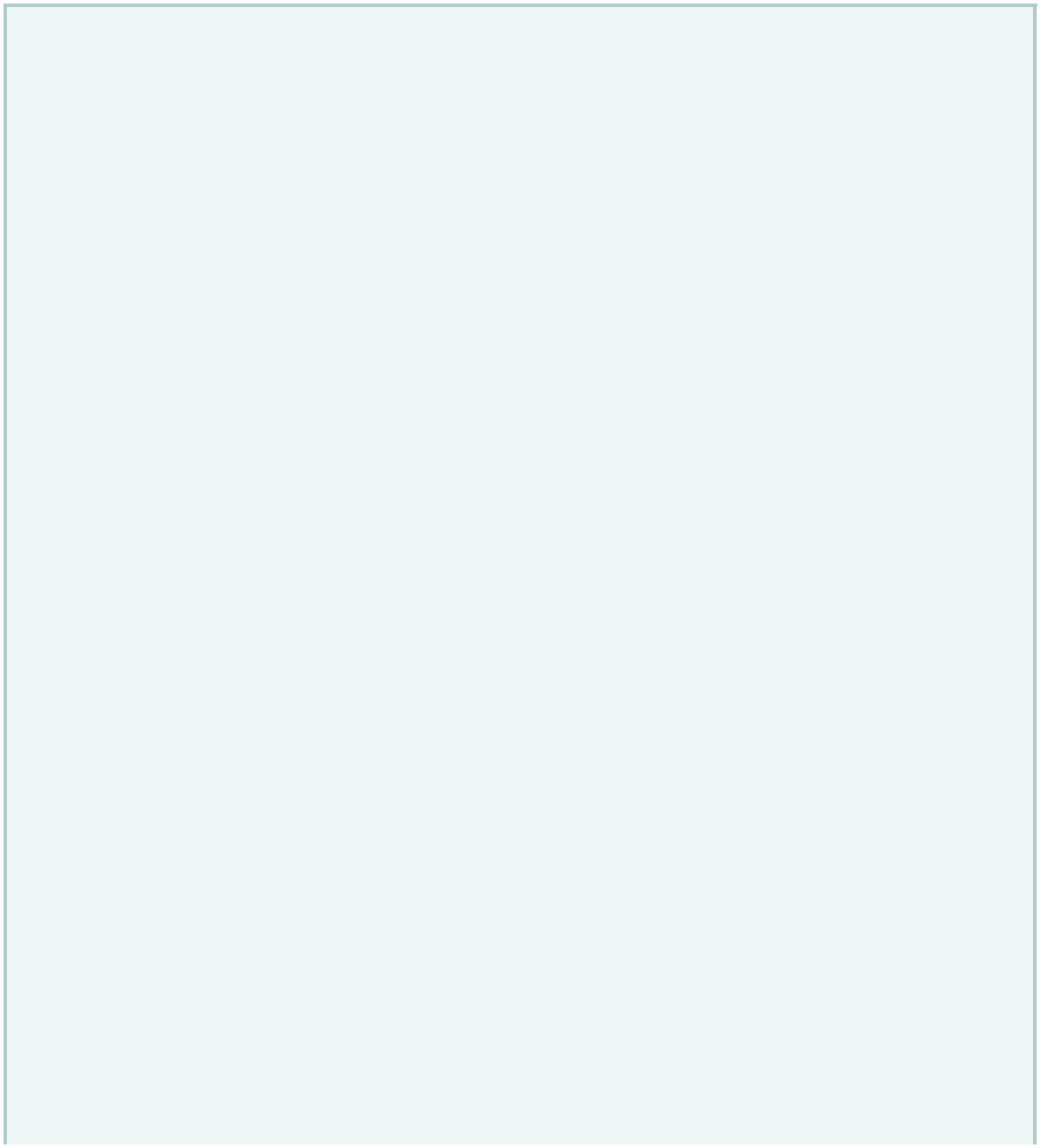
described as high performers. Nonetheless, to carry off this deception, managers would have to be misled by their supervisors or staff personnel, which would undermine trust. Deliberately privileging one group of people is unjust and might result in lawsuits.

Even when deception isn't involved, the separation of groups into different ability groupings is problematical. Organizations routinely label some individuals as exceptional employees according to some set of criteria. These members are then given extra training, assigned to mentors, placed into more challenging assignments, and so on. These measures generate the Pygmalion effect for the chosen few and the Golem effect for everyone else. Those labeled as average or low performers receive fewer benefits and may live down to reduced expectations.

Communicating high expectations to everyone in the organization is an ethical alternative to deception and ability grouping.[61] Such an approach not only maintains integrity; it encourages everyone to function at their best. Strategies for improving organization-wide performance include (1) building follower self-efficacy (a sense of personal power) through breaking down tasks into manageable segments, role modeling, and verbal persuasion; (2) encouraging a learning orientation that emphasizes improvement over perfection; (3) creating a friendly atmosphere; (4) raising consciousness of the impact of negative expectations; (5) creating opportunities for employees to start anew in different departments and assignments; and (6) fostering a culture that demands high productivity.

Even if our organization doesn't adopt a high-expectations orientation, we can do so as individuals. The power of self-fulfilling prophecy places a moral burden upon us. If others are to reach their full potential, we need to communicate positive expectations to them, not negative ones. We should carefully monitor our behavior to reduce inequities, particularly subtle ones, in our treatment of others. The strategies outlined earlier for communicating high

expectations can be employed in our peer relationships and organizational units. Also, we can use the Galatea effect to insulate ourselves from the negative expectations of our leaders. The Galatea effect (named after the statue in the Greek myth) refers to the tendency for high self-expectation to produce high performance. High self-expectancies can keep us from lowering our performance when others expect little of us. We can encourage leaders to raise their expectations of us by meeting and exceeding standards.



Chapter Takeaways

- While the exercise of influence is not optional in the workplace, you do have control over how you go about modifying the behaviors of others.
- No form of power is inherently immoral, but positional power (legitimate, coercive, reward) is more likely to be abused than person-centered power (expert, referent).
- Use a variety of power sources when pursuing worthy objectives.
- Concentration of positional power (in yourself or others) is dangerous, producing a wide range of unethical behaviors.
- Adopt a positive mind-set toward organizational politics—the use of informal or unofficial power. Positive political behavior supports the organization's vision and values, serves others, focuses on achieving shared goals, fosters collaboration, and meets widely accepted ethical standards.
- Increase psychological empowerment—the motivation of others to carry out tasks, based on meaning, competence, self-determination, and impact—by modifying the work setting. Encourage participation in decision making, share information, and flatten the organizational structure.
- Create frames (mental pictures or interpretations that shape reality) that are tied into organizational codes and

values. Highlight the importance of ethical considerations when framing events.

- When trying to convince others to go along with your requests, try to use "soft" power compliance-gaining tactics—rational persuasion, apprising, consultation, collaboration, inspirational appeal—whenever possible. However, when combating unethical and dangerous behaviors, be willing to generate negative feelings through your influence strategies.

- Use impression management tactics to build positive relationships, to accurately portray your personal image and that of your organization, and to facilitate effective decisions. Ensure that others don't manipulate you through their use of impression management strategies.

- Truth telling should be the moral standard. If you decide to lie, the burden of proof is on you. Reduce the frequency of lying and other forms of deception in your organization by limiting role conflicts and rewarding truth telling. Detect deception by asking questions and considering the context.

- Emotional labor—the management of feelings by frontline workers that leads to facial and bodily displays—can pose significant dilemmas for employees and customers. Take steps to reduce the emotional dissonance that workers experience and provide them with organizational support. As a consumer, avoid dysfunctional customer behaviors, remembering that emotional laborers are worthy of respect.

- Communication of positive expectations can be one of your most powerful influence tools. Encourage those around you to live up to their full potential. Generate

positive self-fulfilling prophecies (the Pygmalion effect) through creating a warm emotional climate, providing valuable assignments, giving opportunities for others to express their opinions, and offering frequent positive feedback. Have high expectations of your own behavior (employ the Galatea effect) even if others don't.

Application Projects

1. Analyze a leader's use of power. Determine whether this leader acted ethically or unethically. Explain why. Write up your findings.
2. Discuss or debate the following propositions:

   Empowerment takes advantage of workers.

   Ingratiation is unethical.

   Frames don't tell us what to think; they tell us what to think about.

   Telling the truth isn't as important as it used to be.

   We have an ethical duty to detect when colleagues are lying.

   Nothing good can come from playing organizational politics.

   Getting upset and angry is sometimes the only way to get what you want from a business.

   Emotional labor is dishonest.

   Communicating positive expectations to everyone in a work group is impossible.

   Communicating high expectations to people you don't like is unethical.

3. Identify a significant change taking place at your college or place of employment. How has this development been

framed? What tools have been used to create this frame? What are the competing frames? Which frame, if any, is morally positioned and takes ethical considerations into account? How would you frame this event? Write up your analysis.

4. Write up a summary of your results on Self-Assessment 5.1 or Self-Assessment 5.2. What do your scores reveal? What steps can you take to act on this information?
5. Create a case study based on an organization's attempts to empower its employees. What went right? What went wrong? What conclusions can you draw from this organization's experience? As an alternative, create an organizational politics case study. Describe how political skill was exercised in this situation and what happened as a result. Determine whether this is an example of negative or positive politics, and highlight the lessons you take from this situation.
6. Keep a log of your proactive influence attempts over the course of a day. What requests did you make? What tactics did you use? Do you consider your proactive strategies to be ethical or unethical?
7. Describe a time when you were particularly conscious of making the right impression. What image did you want to create? What tactics did you use? Did you succeed in creating the desired impression? Why or why not? Was your use of impression management ethical?
8. Invite emotional laborers (current or past wait staff, baristas, retail clerks), as well as customers, to be interviewed in front of the class. Ask the service personnel to describe their experiences. Possible interview questions include: What characteristics did you have to demonstrate to land your jobs? What training did you receive, and what scripts did you have to follow? What did it take to be successful? What were the costs of your performances? What were the benefits of engaging in emotional labor? What do you conclude

about the ethics of emotional labor? Ask the customers what they look for in a service encounter and how they respond to emotional labor.

9. Under what circumstances is lying justified? See if you can reach a consensus in a small group and report your conclusions to the rest of the class.
10. Have you ever been the victim of low expectations (the Golem effect)? How did you respond? What happened as a result? Share your story orally or in writing.

Case Study 5.1: Moving Beyond Empowerment at Morning Star

Some companies don't believe in empowerment because empowerment doesn't go far enough. To these firms, empowerment implies that managers give or grant power to employees. They strive, instead, to give all employees power by eliminating managers. Workers manage themselves, operating in teams (circles, cabals) that continually form and reform. Flat organizations go under a variety of names, including holography (Zappos, ARCA), lattice management (W. L. Gore & Associates), and self-management/self-leadership (Orpheus Chamber Orchestra).

The world's largest tomato processor, Morning Star, has been committed to self-management since it started in 1970 as a trucking company delivering tomatoes to canneries. Founder Chris Rufer discovered that the management theories he learned as an MBA at the University of California, Los Angeles didn't work well in his new company. "How do you manage truck drivers?" he wondered. "Put a supervisor in every truck? It was just, I do my thing; everyone else do your thing. That seemed to work."[1] He continued that philosophy as his firm grew to a $900 million business employing approximately 350 people (up to over 2,000 in the peak processing season). The company is now the largest tomato processor in the world, producing canned tomatoes and tomato sauces for pizzas and pastas. Employees earn 10% to 15% more than those working for comparable firms and have 35% higher benefits.

The Morning Star model is founded on the company's vision that states that all employees "will be self-managing

professionals, initiating communications and the coordination of their activities with their colleagues, customers, suppliers, and fellow industry participants, *absent directives from others*" (italics added). Every worker is responsible for creating a personal mission statement that outlines how they will help meet the corporate mission of producing quality tomato products and services while getting the resources and training to do so.

Each employee annually negotiates a Colleague Letter of Understanding (CLOU) with the associates most impacted by their work. A CLOU serves as an operating plan for fulfilling the personal mission and may take discussions with 10 or more associates (each conversation can take 20 to 60 minutes). CLOUs can cover as many as 30 activities. At last count, there were 3,000 CLOUs spelling out relationships at the company. Business units also negotiate annual customer–supplier agreements with other company units.

Morning Star employees are free to purchase the tools they need or hire the staff they require without a sign-off from purchasing or a senior executive. According to Rufer, "I don't want anyone at Morning Star to feel they can't succeed because they don't have the right equipment or capable colleagues."[2] Since roles are flexible, employees can take on greater and greater responsibilities. Ideas come from anyone in the company. In one case, a customer service employee started cold calling customers to find out what they wanted. He discovered that distant buyers felt they had to pay too much for the company's products. He and a small team then decided to meet this need by building more distribution centers. Because the customer service employee had no prior experience with distribution centers, he recruited an experienced colleague to help. Within months they were setting up new distribution centers around the country.

There are no promotions at Morning Star. Instead, colleagues who have signed off on CLOU agreements rate one another. An elected compensation committee then determines compensation levels based on self-assessments presented by workers. Disputes about whether CLOU commitments have been fulfilled are settled through the use of a mediator and a peer committee. Other conflicts are also resolved through an employee-led process. Disputants first meet to talk through their differences. If that doesn't work, they involve a third party and then a panel of fellow workers. In rare cases, the company founder acts as "supreme judge," making the final decision.

Morning Star promotes transparency by providing detailed financial statements, available to all employees, twice a month. Each CLOU includes detailed metrics called "steppingstones" that employees use to track their progress in meeting the needs of colleagues. Such transparency fosters accountability. According to Rufer:

> Everyone's a manager here. We are manager rich. Everyone is a manager of their own mission. They are managers of the agreements they make with colleagues, they are managers of the resources they need to get the job done, and they are managers who hold their colleagues accountable.[3]

Business units are held accountable through performance reports and strategy sessions. Each unit defends its prior year's performance in front of the entire company and outlines a plan for the coming year.

Morning Star's approach to self-management encourages workers to take initiative, develop their expertise, and

exercise better judgment. Since there are no bosses or promotions, there is less competition between employees and more cooperation. But getting hired at the company is a complicated process taking 4–12 weeks, involving meetings with 12–18 people. Once hired, new employees often struggle to adjust, and many experienced managers from other companies fail to make the transition. Quality suffers when colleagues fail to honor their commitments or fail to confront low performers and hold them accountable.

Self-management may not translate to larger, more complex companies. Indeed, not all self-management experiments work. Internet content provider Medium gave up on the model, calling it a "tax" on productivity and training platform Treehouse called it "naïve." Zappos lost 18% of its workforce during the conversion to circles and now admits it should have done a better job of preparing employees for the change. However, organizations could benefit from elements of self-management even if they don't eliminate managers altogether. Personal mission statements, CLOUs, and employee-led dispute resolution are ways to empower workers while retaining hierarchy.

Discussion Probes

1. What would you like most about working under Morning Star's model? Least? Why?
2. Is everyone a manager at Morning Star, as CEO Rufer claims?
3. What do you see as the ethical benefits of self-management? Possible ethical dangers?
4. Is there value in retaining some managers?
5. Do you think that really large organizations can adopt self-management? Can they adopt parts of the model?

Sources: E. Bernstein, Bunch, Canner, & Lee (2016); de Morree (2017); Lintern (2014); "Nails in the Coffin" (n.d.); Reinghold (2016); Tomasian (2019).

Notes

1. Buchanen (2013).

2. Hamel (2011).

3. Ibid.

Case Study 5.2: How to Win Friends and Influence People While Stealing Billions

Behind every great fortune lies a great crime.

—French playwright Honoré de Balzac

Malaysian Low Taek Jho (better known as Jho Low) is an unlikely criminal mastermind. The young, boyish-looking Low, with little experience in banking or finance, orchestrated one of the greatest financial thefts in history. He and his associates looted at least $5 billion from Malaysian development fund 1Malaysia Development Berhad. 1MDB was established in 2009 to boost the East Asian nation's economy through investments in energy, tourism, and other projects. However, thanks to Low, little money went to help Malaysians (who live on an average of $400 a year). By 2016, the fund was $13 billion in debt, sticking citizens with interest payments on stolen money.

Low laid the groundwork for his crime spree while a student, first at England's prestigious Harrow prep school and then at the University of Pennsylvania's Wharton School. He built relationships with the stepson of Malaysian prime minister Najib Razak as well as with the children of business leaders and royalty from the Middle East. Low wanted to be seen as a "prince of Malaysia," creating his brand though displays of wealth. Though his father is a millionaire, Low tried to appear much richer in order to keep up with wealthier students from the Middle East and Asia. At Wharton, he took sorority members and friends in stretch limos to gamble in Atlantic

City and drove a maroon-red Lexus convertible around campus (rented but passed off as his own).

Low's networking and image making paid off. Following graduation, Prime Minister Najib gave Low nearly unlimited authority to oversee 1MDB. Low, in turn, set up a joint investment, called PetroSaudi, with his contacts in the Middle East. Instead of funding oil projects, however, $700 million of the initial $1 billion designated for investment went into Low's offshore accounts as well as into the pockets of his co-conspirators. Low also funneled millions to Prime Minister Najib, who allegedly used 1MDB funds for vacations and shopping sprees. Low also lavished gifts on the prime minister and his wife, at one point spending $4.1 million on jewelry for First Lady Rosmah Mansor.

Low used his share of the stolen funds to become a major player in the U.S. entertainment industry. He created a film company, managed by Najib's stepson Riza Aziz, which produced *The Wolf of Wall Street*, and purchased a 20% stake in EMI music publishing. Soon he became friends with Leonardo DiCaprio and other Hollywood celebrities.

Low laundered some of his proceeds by purchasing expensive properties in Beverly Hills and New York City and by buying expensive art by Monet and Van Gogh. At the same time, the young financier set out to enjoy his new status while burnishing his image as one of the world's richest, most powerful men. He earned a reputation as a high roller (or "whale") at casinos around the world. He gave millions in jewelry and other gifts to the women he dated as well as to friends and associates. (DiCaprio received a $3.2 million Picasso.) And nobody could throw a bigger party than Low. The financier spent millions on his Las Vegas birthday bash, which included a Ferris wheel and carousel, Cirque de Soleil entertainers, rappers, a firework show, and Britney Spears

jumping out of a giant fake birthday cake. Over the period of eight months, Low reportedly spent $85 million on gambling, alcohol, private jets, renting superyachts, and paying beautiful women and Hollywood celebrities to be seen with him.

Low went on to divert additional billions in two more thefts, this time with the help of banking giant Goldman Sachs. Officials at Sachs arranged bond issues for 1MDB despite warning signs of fraud, apparently because the transactions generated extraordinarily high fees for the firm. These new swindles enabled Low to hide the fact that 1MDB hadn't invested in Middle Eastern or Malaysian projects and helped finance the reelection of Prime Minister Najib. Two hundred and fifty million dollars went to build one of the largest yachts in the world for Low to sail.

The 1MDB scandal came to light when a disgruntled former employee of PetroSaudi leaked emails to a blogger and the press began investigating. Prime Minister Najib shut down probes into irregularities at 1MDB and jailed Malaysian reporters examining the fund's operations. However, when Najib was defeated in the next election, the incoming prime minister restarted the fraud investigation and brought criminal charges against Najib, Mansor, and Goldman Sachs executives. The Malaysian government also brought suit against Sachs, hoping to recoup $7.5 billion. U.S. prosecutors charged Low with money laundering, bribery, and circumventing accounting controls. Singapore officials closed branches of two Swiss banks used by Low to transfer funds. Much of Low's property, including his yacht, was seized by authorities. Low is currently on the run from the law, believed to be hiding in China or the West Indies. He denies any wrongdoing, claiming that he is the victim of Malaysian political infighting.

In their book about Low, *Billion Dollar Whale*, *Wall Street Journal* writers Tom Wright and Bradley Hope muse that Low's criminal exploits "are so unlikely, they appear made up." They put some of the blame for the scam on those who let themselves be fooled because they were getting what they wanted from Low:

> If he claimed to be a Malaysian prince, then it was true. The heir to a billion-dollar fortune? Sure, it might be right, but nobody seemed to care. Not Leonardo DiCaprio and Martin Scorsese, who were promised tens of millions of dollars to make films. Not Paris Hilton, Jamie Foxx and other stars who were paid handsomely to appear at events. … Not the supermodels on whom Low lavished multi-million-dollar jewelry. Not the Wall Street bankers who made tens of millions of dollars in bonuses. And certainly not Low's protector, Malaysian Prime Minister Najib Razak.[1]

Discussion Probes

1. Are you surprised that Low could carry off such a gigantic theft?
2. Can you think of other prominent figures who created a false image to defraud others?
3. Should any blame be put on those who were deceived by Low? Did they want to be fooled?
4. How can we protect ourselves from those who use impression management for unethical purposes?

Sources: Ellis-Peterson, H. (2018, October 25). 1MDB scandal explained: A tale of Malaysia's missing billions. *The Guardian*.

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Case Study 5.3: "No One Calls to Say 'I Love You'": Emotional Labor at the Call Center

Few frontline service jobs are as demanding as taking inbound customer calls at large call centers. Those handling computer repairs, plane and car reservations, insurance claims, and other transactions do highly repetitious work in return for low wages and few benefits. (Some call center operators only offer sick days if forced to do so by state law.)

Call center representatives interact with the public more frequently than those in other service occupations, which demands more emotional labor. They must rely on their voices to perform their emotional work, conveying a "smile" through tone of voice and vocal inflection and remaining calm with angry customers. Their performance is more closely monitored than in other frontline workplaces. Supervisors routinely listen in on calls. Electronic systems measure call times, time spent between calls, adherence to scripts, and customer satisfaction. Emotion detection systems analyze the operator's voice—pitch, tone, pace, cadence—and word choice. At MetLife, for example, a coffee cup appears on the screen to remind a tired-sounding rep to perk up. The system may alert a supervisor to intervene when an inappropriate word is used or when the negative emotion of a customer exceeds a certain level.

Call center personnel are more likely to encounter dysfunctional customers than other emotional laborers. That's because, in addition to interacting more frequently with the public, their customers generally have a problem with a product or service. One call center employee put it this way:

"No one calls to say, 'Hey, I love you, you're great, you are so awesome.' They are upset about something."[1] It should be no surprise, then, that many customer service reps take days off or quit. Researchers report that call center personnel suffer from high rates of depression, anxiety, and emotional exhaustion.

Cable giant Comcast, which has lower customer satisfaction ratings than competitors AT&T and Verizon, hopes to improve its customer service by improving the experience of its phone center reps. To that end, the firm replaced its call center in Delaware, which was described "as a sea of cubicles on a sea of asphalt," with a building rivaling those at tech firms in Silicon Valley.[2] The new facility features quiet rooms, a movie theater, Ping-Pong tables, ergonomic chairs, an indoor putting green, colorful desks, a fish pond with a fire pit, and a gym stocked with Peloton bikes.

Comcast employees appear pleased with their new digs, but experts are skeptical that the new work space will improve service or the lives of employees. According to Massachusetts Institute of Technology management professor Zeynep Ton, a better work space isn't going to be enough to overcome the underlying problems of call center jobs: "If customers are yelling at the reps every day because they system is not well-designed, or the reps can't make decisions, or the systems they use are slow or not working well, Ping-Pong and pool tables are not going to make much of a difference."[3] Call center expert Winifred Poster agrees, noting that customer service won't improve until representatives have the authority to fix the problems bothering callers. Then, too, the building may be better, but the stressful elements of the job remain in place. Reps continue to deal with a constant stream of callers, some of whom qualify as customers from hell, smiling

through their voices as they are closely monitored and measured.

Discussion Probes

1. Do you agree that taking service calls is more demanding than service work in other industries? Why or why not?
2. Have you ever worked in a call center? What was your experience like?
3. Have you recently called to get help with a product or service? What emotions did the service rep display? How would you rate the service you received?
4. As a caller, have you ever engaged in any dysfunctional customer behaviors? How could you avoid these in the future?
5. Do you think that Comcast's new facility will improve customer service? Why or why not?
6. What other steps should call centers take to reduce the demands on their employees?

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CHAPTER 6 ETHICAL CONFLICT MANAGEMENT

Learning Objectives

- Contrast functional and dysfunctional conflict.
- Explain the steps to ethical conflict management.
- Summarize the three types of ethical issues in negotiation.
- Apply the principled negotiation method.
- Identify strategies for reducing aggression.
- Distinguish between sexual harassment and other forms of aggression.
- Develop guidelines for preventing sexual harassment.

Chapter Preview

Conflict in Organizational Life

Becoming an Ethical Conflict Manager

- Step 1: Recognize the Differences Between Functional and Dysfunctional Conflicts
- Step 2: Take Control
- Step 3: Identify Your Personal Conflict Style
- Step 4: Develop Conflict Guidelines
- Step 5: Employ Collaborative Conflict Management Tactics
- Step 6: Be Prepared to Apologize

Resolving Conflict Through Ethical Negotiation

- Ethical Issues in Negotiation
- Adopt an Integrative Approach to Negotiation

Combating Aggression and Sexual Harassment

- Types of Aggression
- Resisting and Reducing Aggression
- Preventing Sexual Harassment

Chapter Takeaways

Application Projects

CONFLICT IN ORGANIZATIONAL LIFE

Conflict is a daily occurrence in every organization. U.S. employees spend 2.8 hours a week dealing with disagreements. Managers estimate that they spend between 20% and 40% of their time managing conflicts. Common sources of organizational conflict include these[1]:

Interests: Benefits, budgets, organizational policies, office location, and other wants and needs

Data: The best sources of information; the reliability or the interpretation of data

Procedures: How to solve problems; how to make decisions; how to solve conflicts

Values: How to prioritize interests and options; determining organizational direction

Dysfunctional relationships: Those marked by distrust, disrespect, lack of integrity, and lack of mutual concern

Roles: Expectations related to organizational roles; power imbalances between roles

Communication: How something was said; emotions triggered by words; withholding information

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Some observers believe that we can expect even more conflicts in the years to come.[2] They note that there is growing pressure on organizations to innovate, change, and adapt. These pressures increase workloads and generate job insecurity. In a global society, the workforce is increasingly diverse, which produces more conflicts between those of different cultural backgrounds. Organizational members now work in different geographical locations and communicate over the internet rather than face-to-face. These developments mean that miscommunication is more likely. As organizations empower groups to carry out projects, team members must manage the conflicts that come from working collaboratively.

Conflict experts Joyce Hocker and William Wilmot define conflict as "an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources, and interference from others in achieving their goals."[3] Conflict begins when the parties express their thoughts and feelings to each other through their behaviors. They engage in conflict because they depend to some degree on one another. The choices of one party affect the options of others, as when one employee's choice of vacation time interferes with the vacation plans of a fellow worker. Hocker and Wilmot

believe that the sources of conflict identified earlier can be condensed into two general categories. Conflict can be over perceived incompatible goals (if I get promoted, then you don't) or over scarce resources like office space, staffing, or funding for new projects. Interference sets the stage for conflict. Goals may be incompatible and resources scarce, but conflict develops only if we perceive that the other party is interfering with our efforts to achieve our goals and get the resources we want.

Many of us fear and avoid conflict because of our past experiences. Early struggles cost us relationships and left us feeling bruised and battered. Chances are, one or both parties behaved unethically by making threats, engaging in ridicule and sarcasm, losing their tempers, and so on. Aversion to conflict is counterproductive, however. To begin with, organizational conflict is inevitable. Trying to avoid conflict means that we are not equipped to deal with it when it arises. Further, conflicts can promote personal and relational growth. Resolving a conflict successfully builds our skills and generates a sense of accomplishment. Often, conflict over an idea or a proposal produces a higher-quality solution.

The objective of this chapter is to help you become a more ethical, competent conflict manager. We'll identify important steps you need to take to achieve this goal and help you recognize the ethical issues you'll face if you decide to use negotiation to resolve differences. Then we will shift our focus to aggression, which deserves special attention because it is the most destructive type of organizational conflict. We will examine ways to reduce aggression and to prevent sexual harassment.

BECOMING AN ETHICAL CONFLICT MANAGER

Investigators have identified six steps you can take to increase the odds that you will behave ethically when engaged in conflict. Your ability to ethically manage conflict will depend on recognizing the difference between productive and unproductive conflicts; taking control; identifying your personal conflict style; setting up guidelines for conflict resolution; using collaborative communication tactics; and being willing to apologize.

Step 1: Recognize the Differences Between Functional and Dysfunctional Conflicts

Several factors distinguish between productive and unproductive conflicts.[4] *Functional conflicts* focus on the content of messages—ideas, values, beliefs, proposals, procedures, budgets, and so on. Participants in these kinds of conflicts are out to solve the problem, not to damage the other party. They make supportive comments, engage in effective listening, signal that they want to collaborate to come up with a solution, and avoid verbal abuse. *Dysfunctional conflicts* often center on the personalities of those involved. Strong negative emotions as well as verbal attacks (e.g., threats, sarcasm, name-calling) characterize these encounters. Discussants locked in unproductive conflicts engage in fight-or-flight responses. They either escalate the conflict or try to avoid it. Conflict spirals when each party retaliates at successively higher levels. Employees who feel unjustly treated may retaliate by trying to undermine the authority of their supervisor, who, in turn, may retaliate against the subordinates by reducing their work hours. Avoidance, as we noted earlier, is the other common destructive pattern. Participants may reduce their dependence on one another, refuse to cooperate, withdraw, harbor resentment, and complain to third parties. In doing so, they leave conflicts unresolved and poison the relationship.

While task-oriented conflicts are to be preferred over relational ones, it would be a mistake to assume that constructive conflict always produces positive outcomes.[5] Even productive disagreements about ideas can frustrate members if they drag on too long, and conflicts can divert energy from other priorities. Healthy conflicts can quickly turn nasty when strong emotions are sparked by a poor choice of words or doubts about the other party's motivations. Our task, then, is not only to avoid relational conflicts but to prevent task conflicts from deteriorating or transforming into dysfunctional exchanges. We also need to be alert to the possibility that some emotional conflicts may masquerade as substantive ones, such as when group members who dislike each other disguise their relational problems as criticism of ideas.[6]

Step 2: Take Control

Believing we can exert significant influence over how a conflict emerges and escalates lays the groundwork for successful conflict management. Arizona State communication professor Daniel Canary encourages us to take control of the following elements in order to skillfully deal with conflict.[7]

Episode control. Be aware of interactions that could generate conflict, anticipating possible unpleasant reactions in order to reduce negative emotions. Keep in mind that outside factors like tight deadlines, long delays, hunger, and caffeine can prime us for interpersonal conflict and trigger anger. (You may be more likely to get frustrated after consuming a large energy drink or missing a night's sleep, for example.) Remember to monitor and control your anger-like behaviors, such as a raised voice, staring, and pointing; recognize that these behaviors may reflect stress or depression in others, not anger. Prepare for potential conflict episodes by engaging in soothing activities like walking, meditation, praying, and listening to relaxing music.

Personal control. Recognize that you can successfully work through conflicts by employing collaborative tactics. Those who believe in their abilities work harder at conflict management. They are more effective because they engage in problem solving, information exchange, and other productive behaviors. Those who feel less in control are more likely to use ineffective behaviors—threats, anger, and falling back on authority.

Attribution control. Acknowledge that conflicts involve incompatible goals and that each party has self-serving biases. Avoid global, internal, and intentional attributions ("He didn't clean up the restaurant at closing because he is lazy"). Instead, use benign attributions to explain the conflict. Benign attributions are specific, external, and nonintentional ("He didn't clean the restaurant at closing because he had to pick up his wife at work"). Look for the information in the other person's messages instead of taking them as an insult or as an attack on your identity. Even criticism can signal a willingness to address the issue and lead to a better understanding of the other person's perspective.

Goal control. Be aware of your goals and the goals of the other party. In working toward an instrumental (task-or problem-focused) goal, don't forget that the participants also want to protect their relationships and self-presentation. Resolving a task problem will be much more difficult if the parties feel that their relationships and public images are threatened.

Message production control. Regardless of what the other party says, we are ultimately responsible for our communication strategies. Use cooperative, direct messages that lead to functional relationships. Only use threats and other competitive tactics in extreme situations. Don't reciprocate competitive behavior by responding in kind, which escalates the conflict. Pause before responding; agree on key points; maintain a calm tone of voice.

Step 3: Identify Your Personal Conflict Style

Conflict styles describe the ways that individuals typically approach conflict situations. Researchers report that there are five approaches to conflicts.[8] (Complete Self-Assessment 6.1 to determine which style you prefer.) Conflict styles are based on two dimensions: (1) concern for one's own needs and (2) concern for the needs of others:

- The *avoiding* style is low on both concern for self and concern for others. Avoiders steer clear of conflict by keeping their distance from other disputants, changing topics, withdrawing, and so on.
- The *accommodating* style reflects low concern for self and high concern for others. Accommodators give in while helping other parties reach their goals.
- The *compromising style* demonstrates moderate concern for self and others. Compromisers call for concessions from everyone in order to reach an agreement.
- The *competing style* puts the needs of self first with little concern for the other side. Competitors are aggressive and focused on meeting their own needs, often at the expense of other parties.
- The *collaborative style* reflects a high degree of concern for both the self and others. Collaborators listen actively, stay focused on the issues, and hope to reach solutions that meet the needs of both sides.

Avoiding, competing, compromising, and accommodating can be effective and ethical in certain situations.[9] Avoiding works best when there is danger of physical violence. It is ethically appropriate when an organization is temporarily dealing with more significant moral issues. Accommodation can maintain relationships and may be the morally right choice for a follower when a leader is more knowledgeable about an issue. Compromising can generate quick solutions and is ethically justified when both parties have valid interests and want to avoid a stalemate. Competing also produces rapid results and may be an ethical approach when implementing unpopular decisions.

In contrast to the other conflict styles, collaboration appears to be the most successful and ethical option across a variety of contexts. Collaboration has the greatest chance of producing agreements, improves decisions, and leads to greater satisfaction with outcomes.[10] It is the only approach that incorporates high regard for both the self and the other party. There also appears to be a direct link between an individual's level of moral development and choice of conflict style.[11] Those in the lowest stage of moral development (see Chapter 2) tend to use the dominating and avoiding approaches. Those who display a moderate level of moral reasoning rely heavily on compromise. Those who engage in the highest level of moral reasoning are more likely to take an integrative or collaborative approach.

Since collaboration is more effective and ethical, seek to meet the needs of both sides whenever possible. Look to collaborate first, but adopt another style if the situation warrants.

Self-Assessment 6.1: Conflict Style Inventory

Think of an organizational setting—school, work, nonprofit—where you have conflicts or disagreements with others. With this setting in mind, rate each item on the following scale: 1 = *Never*; 2 = *Seldom*; 3 = *Sometimes*; 4 = *Often*; 5 = *Always*.

1. I avoid being "put on the spot"; I try to keep conflicts to myself.	1	2	3	4	5
2. I use my influence to get my ideas accepted.	1	2	3	4	5
3. I usually try to "split the difference" in order to resolve an issue.	1	2	3	4	5
4. I generally try to satisfy the other's needs.	1	2	3	4	5
5. I try to investigate an issue to find a solution acceptable to both of us.	1	2	3	4	5
6. I usually avoid open discussion of my differences with the other.	1	2	3	4	5
7. I use my authority to make a decision in my favor.	1	2	3	4	5
8. I try to find a middle course to resolve an impasse.	1	2	3	4	5
9. I usually accommodate the other's wishes.	1	2	3	4	5
10. I try to integrate my ideas with those of others to come up with a joint decision.	1	2	3	4	5

11. I try to stay away from disagreement with others.	1	2	3	4	5
12. I use my expertise to make decisions that favor me.	1	2	3	4	5
13. I propose a middle ground for breaking deadlocks.	1	2	3	4	5
14. I give in to the wishes of others.	1	2	3	4	5
15. I try to work with others to find solutions that satisfy both our expectations.	1	2	3	4	5
16. I try to keep my disagreement to myself in order to avoid hard feelings.	1	2	3	4	5
17. I generally pursue my side of an issue.	1	2	3	4	5
18. I negotiate with others in order to reach a compromise.	1	2	3	4	5
19. I often go with others' suggestions.	1	2	3	4	5
20. I exchange accurate information with others so we can solve a problem together.	1	2	3	4	5
21. I try to avoid unpleasant exchanges with others.	1	2	3	4	5
22. I sometimes use my power to win.	1	2	3	4	5
23. I use "give and take" so that a compromise can be reached.	1	2	3	4	5
24. I try to satisfy others' expectations.	1	2	3	4	5

25. I try to bring all our concerns out in the open so that the issues can be resolved.	1	2	3	4	5

Scoring

Add up your scores on the following questions:

	Avoidance	Competition	Compromise	Accommodation	Collaboration
	1. _____	2. _____	3. _____	4. _____	5. _____
	6. _____	7. _____	8. _____	9. _____	10. _____
	11. _____	12. _____	13. _____	14. _____	15. _____
	16. _____	17. _____	18. _____	19. _____	20. _____
	21. _____	22. _____	23. _____	24. _____	25. _____
Total					

Source: From Hocker, J. L., & Wilmot, W. (2014). *Interpersonal conflict* (9th ed., pp. 147–148). New York: McGraw-Hill.
Adapted from M. A. Rabim & N. R. Mager (1995). Confirmatory factor analysis of the styles of handling interpersonal conflict: First-order factor model and its invariance across groups, *Journal of Applied Psychology, 80*(1), 122–132.

Step 4: Develop Conflict Guidelines

Guidelines can help both sides engage in collaborative conflict management and generate better outcomes. When it comes to your participation in conflict, do the following[12]:

Monitor your personal behavior and the behavior of the other party for signs of destructive conflict. Be alert to behaviors that indicate that you or others are contributing to escalation or avoidance cycles.

Identify common goals and interests. Think about what both parties have in common and want to achieve. Consider overlapping needs, concerns, goals, and fears.

Respect the identity of the other party. Identities are made up of the characteristics—beliefs, values, customs, allegiances, important experiences—that define individuals and groups. Threats to identity trigger strong protective emotions that undermine collaboration. Discover and honor the taboos and sacred values of the other person.[13]

Develop norms to work on problems. Rules of behavior can be developed for both individual-and group-level conflicts. Relational partners may want to agree to take "time-outs" when discussions get too heated, meet in a neutral location, and avoid personal attacks. Groups may want to encourage dissent, seek consensus rather than vote on a solution, and resist speedy outcomes that fail to take advantage of productive conflict over ideas.

Focus on mutual gain. Identify and state what everyone can gain from working through the conflict. Think win-win rather than win-lose. One party does not have to win at the expense of another. Try to expand the resource "pie" instead so that both parties can get what they want.

Create a process for productive conflict. Set up procedures that encourage parties to constructively engage with one another to resolve the issues. Call a meeting to work on the problem. Involve everyone in generating alternatives and selecting a solution. Commit to the solution by developing an implementation plan. Follow up by monitoring the implementation process. (Ethical Checkpoint 6.1 outlines a strategy for structuring a conflict conversation.)

Ethical Checkpoint 6.1

Confrontational Conversation Format

Confronting coworkers about their behavior is one of the toughest tasks of conflict management. Consultant Susan Scott argues that, when faced with this challenge, a straightforward approach is best. Begin with a carefully crafted opening statement that takes no more than 60 seconds. In this statement:

Name the issue. Specify the behavior that is causing the problem as well as the results of the behavior. If there are several concerns with the person, look for a common theme and focus on it. For example: "Charlie, I want to talk with you about the effect your communication style is having on the team."

Select a specific example that illustrates the behavior or situation you want to change. Choose an example that makes your point and builds your credibility. Be succinct (otherwise the other party will shut down or organize a defense). For example: "At the last meeting you talked over Jean and Mike and then walked out when the team didn't accept your proposal to delay the product release."

Describe your emotions about the issue. Calmly describe how you are feeling, which can be disarming and reveals how you are being affected by the issue. Disclose if you are frustrated, worried, sad, afraid, or angry. For example: "I am afraid that team members will quit to join other project groups."

Clarify what is at stake. Explain why this issue is important. What is at stake for you, for others, for the organization, for the relationship? For example: "The stakes are high. We'll lose talented team members, and we may not be able to complete the project. The company is depending on this new product, and those of us left on the team may be laid off."

Identify your contribution to this problem. Admit your role in the situation. For example: "I should have laid out some meeting guidelines when the group started, and I should have come to you sooner to tell you how upset your fellow team members are."

Indicate your wish to resolve the issue. Using the word *resolve* signals that you want to maintain the relationship, not to punish the other party. Restate the issue to once again clarify the topic. For example: "Charlie, I

want to resolve with you the effect your communication style is having on the team."

Invite the other party to respond. You have given your perspective. Now extend an invitation to hear their perspective. For example: "I want to get your take on what's happening. Tell me what you think is going on with you and the team."

Following the opening statement, begin to interact by inquiring into the other party's views. Ask questions and dig deep for fuller understanding. Don't interrupt in order to take your coworker to task. Instead, examine the other person's reality and how this person filters information. For instance: "I see things differently. Explain your thinking to help me better understand" or "Here's what I'm hearing. Is that correct?" Conclude by coming to a resolution. Consider: What's been learned? What is needed to resolve the issue? How can we move forward from here? Come up with an agreement and determine how you will hold each other accountable for keeping it.

Source: Scott, S. (2002). *Fierce conversations: Achieving success at work & in life one conversation at a time*. Viking, Chapter 4.

Step 5: Employ Collaborative Conflict Management Tactics

Conflict guidelines set the stage for collaboration, but it is what we say during a conflict episode that generates mutual gains. Collaborative messages reflect a high level of concern for the interests of both parties as well as for the health of the relationship. Collaborative tactics are either analytic or conciliatory. Analytic remarks include the following[14]:

- *Descriptive statements:* Nonevaluative comments that report on observable events surrounding the conflict ("I was short with you yesterday when you turned in that report.")
- *Disclosing statements:* Nonevaluative statements about conflict events that the partner can't observe—thoughts, feelings, intentions, past history, motivations ("I didn't intend to criticize you in front of the rest of the staff.")
- *Qualifying statements:* Remarks that qualify the nature and the boundaries of the conflict ("Tensions between our departments are greatest near the end of the fiscal year, when both groups are swamped with work.")
- *Solicitation of disclosure:* Nonhostile queries that seek information from the other party that can't be observed, like thoughts, feelings, intentions, past history, and motivation ("What was your goal in raising this issue at this time?")
- *Solicitation of criticism:* Nonhostile questions aimed at soliciting criticism of the self ("Does it frustrate you that I don't get the sales figures in every Monday?")

Conciliatory verbal messages include the following:

- *Supportive remarks:* Statements that reflect positive affect, understanding, and acceptance for the partner along with shared interest and goals ("I appreciate the stress you must be under in your new job.")
- *Concessions:* Comments that signal flexibility, a willingness to change, a conciliatory attitude, and concern for reaching mutually acceptable solutions ("I would be willing to extend the due date for the project an additional month.")
- *Acceptance of responsibility:* Remarks that attribute responsibility to one or both partners ("I'll admit that I overreacted at first.")

Step 6: Be Prepared to Apologize

Sometimes saying "I'm sorry" is the best way to defuse conflict. As evidence of that fact, a growing number of organizations are seeing tangible benefits from apologizing to clients and customers. The University of Michigan Health System and University of Illinois Medical Center at Chicago saw steep declines in the number of malpractice suits after doctors started admitting their mistakes. Toro's product liability settlement costs dropped by two thirds when the company began expressing empathy to any customers injured by its products, whether that injury was due to user error or a product defect.[15]

As individuals, we can also benefit from the power of apology. However, our motivation for apologizing should be based on our ethical obligations, not on hope of personal gain.[16] If we have harmed others through our actions, we have moral responsibility to admit our culpability and to try to repair the damage. Doing so helps to restore the dignity of our victims and acknowledges that we have violated widely ethical standards.

Unfortunately, a great many apologies fall short. Equifax CEO Richard Smith offered an incomplete apology after a massive data breach. He failed to explain why employees assigned to fix the problem hadn't acted months before. Further, he didn't address the fact that three company executives sold company stock after learning of the breach, weeks before the firm notified customers and investors. Kevin Spacey claimed that he didn't remember sexually abusing a young male actor but apologized if he did. He then went on to divert attention to his decision to live as a gay man.[17] (Turn to Case Study 6.1 for two more examples of highly ineffective apologies.)

According to apology expert Aaron Lazare, complete (ethical) apologies contain the following elements[18]:

1. *Acknowledgment*. Any effective apology begins by acknowledging the offense. Identify your role, specify the offensive behaviors you committed, acknowledge the negative effects of your behaviors, and confirm that you broke norms against lying, cheating, using abusive language, and so on. Don't be vague ("I apologize for anything I did"); use the passive voice ("Mistakes have been made"); make the offense conditional ("If mistakes have been made"); question whether the victim was injured ("If anyone was hurt"); or minimize the offense ("I have nothing or little to apologize for").
2. *Remorse*. Express your regret for the harm you caused and indicate that you intend to act differently in the future. How you offer the apology is critical. Your attempt at seeking forgiveness will probably be rejected if your words, voice, and body language fail to communicate shame, humility, and sincerity. Former president Barack Obama communicated his sincerity in writing. He sent a handwritten note of apology to an art historian at the University of Texas after suggesting earlier that manufacturing was a better career option than art history. The president expressed regret for his "glib remark" and noted that art history had "helped me take in a great deal of joy in my life that I might otherwise have missed."[19]

3. *Explanation*. Offer an explanation for your behavior because those you offend want to hear why you behaved the way you did. Unethical explanations reduce the seriousness of the harm. Avoid statements such as "It was an accident"; "That wasn't the 'real me'"; or "I was under a lot of pressure to meet the deadline."
4. *Reparations*. Make an effort to repair the damage. Sometimes the remorse and sincerity of the apology itself is enough to address the harm you have caused. At other times, follow-up is required. For example, offer to restore lost wages and benefits, provide missing information, pledge to treat subordinates with respect, consult coworkers before making budget decisions, and so forth.

At times you will find yourself on the receiving end of an apology. In these situations, the conflict will likely continue unless you offer forgiveness. Many families, for example, can cite instances where relatives continued to feud for decades because neither party was willing to forgive the other. Forgiving is *not* forgetting past wrongs or reducing the seriousness of offenses. Instead, those who have been wronged acknowledge that they have been unjustly treated but decide to let go of resentment and revenge in a process that unfolds over time.[20] Like seeking forgiveness, offering forgiveness is a moral obligation. Forgiving prevents the escalation of dysfunctional conflict and can result in reconciliation. Refusing to forgive can provoke cycles of aggression and retaliation. Organizations can foster forgiveness at work by creating cultures that value (1) restorative justice—involving victims, offenders, and stakeholders in resolving conflict; (2) compassion for suffering; and (3) temperance or restraint in responding to provocation. Forgiving organizations build on these values by creating formal dispute resolution procedures, providing employee support programs that demonstrate caring, and offering mindfulness training to foster temperance.[21] (See the discussion of mindfulness in Chapter 4.)

RESOLVING CONFLICT THROUGH ETHICAL NEGOTIATION

Negotiation is one common method of resolving organizational conflicts. For instance, employees negotiate with supervisors for higher salaries and promotions; workers bargain with each other when they need to switch work schedules; corporate purchasing agents and outside suppliers settle on the price of goods and services; members of production and marketing departments haggle over product features and delivery dates; and store owners bargain with property companies over lease agreements.

In negotiation, parties settle their disputes by generating a joint agreement or solution.[22] The negotiation process highlights the interdependent nature of conflicts. Bargainers must have some common goal, or they wouldn't negotiate. On the other hand, at least one issue must divide them, or they wouldn't need to negotiate to reach an agreement. Consider management and union relationships. Both sides share a common interest in seeing the company survive and prosper. However, management wants to keep labor costs as low as possible, while union workers want wage and benefit increases and job security. Management and union representatives will have to successfully negotiate their differences to keep the company in business. Similar disagreements can be found in project teams. Everyone in the group wants the project to succeed, but members will have to negotiate assignments, timelines, and a host of other details.

Because negotiation is so widely used, it is important to recognize the moral dilemmas inherent in this form of conflict resolution and to highlight the ethical benefits of taking an integrative approach to bargaining.

Ethical Issues in Negotiation

Ethical issues in negotiation typically fall into one of three categories: the choice of tactics, the distribution of benefits, and the impact of the settlement on those who are not at the bargaining table.[23]

When approaching a negotiation, bargainers have decisions to make about which tactics they will use when interacting with the other party. Most of these tactical dilemmas involve deceit. Do I share what I am really willing to settle for, or do I argue for a higher price? Do I lie when asked if I have other offers when I don't? Do I reveal problems (e.g., upcoming lawsuits, hidden debts) when negotiating with someone who wants to buy my company? Is it okay to bluff by threatening to walk out of the auto dealership when I don't really intend to?

Some argue that deception is okay because both parties know that deceit is to be expected in negotiation settings. They treat bargaining like a poker game. Just as we expect players to hide their cards and bluff, those who enter negotiations know to expect deceit. They agree with the British statesman Henry Taylor, who claimed, "Falsehood ceases to be falsehood when it is understood on all sides that the truth is not expected to be spoken."[24] Bargaining thus meets one of the standards of the principle of veracity described in Chapter 5, which is that lying is permissible in situations where parties know that deception is the norm.[25] However, it is not clear that everyone understands the "rules" of negotiation. A cooperative negotiator operates by a different set of assumptions than a competitive one. Those from other cultures play by different sets of rules, which are unclear to visitors. (For instance, should a foreign tourist haggle with every street vendor in Kenya?) By its very nature, deceit shows disrespect for the worth of the other party and thus violates Kant's imperative to treat people as ends and not as the means to our ends.[26]

Harvard business professor Deepak Malhotra believes that we can tell the truth at the bargaining table without suffering significant losses. He offers the following five "ethically superior alternatives" to lying.[27]

1. *Don't succumb to time pressures.* Many lies come when negotiators are caught off guard and resort to deception when responding to unanticipated questions. Pretend that you are selling a business, for instance. You can expect to be asked, "Do you have any other offers for your company?" Prepare your answer for this question before the talks start. You might point out that you haven't advertised your business for sale yet or that the market for your kind of company is strong.
2. *Refuse to answer certain questions*. Despite preparation, you may still be taken by surprise by a tough question. You may need to tell the other party that you are not authorized to answer or need to gather more information. There may also be certain questions that you will never feel comfortable answering (nor would other parties if they were in your shoes). For instance, you may not want to reveal to a purchasing agent the production cost of an item you are selling. Instead, you might offer to

share other information, such as the details of the manufacturing process and the quality control systems you have in place.
3. *Adopt the logic of exchange.* When you exchange important information, you should receive similar privileged information in return. If you reveal your timeline for completing a deal, you should expect to learn the time constraints of the other party, for example.
4. *Eliminate the lie by making it true.* Reduce the temptation to lie by reshaping reality prior to bargaining. For instance, a lawyer might ask a client to limit the concessions the lawyer can make during a mediation session, or a department head may ask for more time to gather information instead of submitting an inflated budget request.
5. *Observe the shadow of the future.* Focus on building long-term, trusting relationships through truth telling. You are less likely to lie if you and the other negotiator have a truthful relationship. Further, if you both have been truthful in the past, this pattern will generally continue into the future.

You can also take steps to encourage honesty in others, who may be dishonest in order to protect themselves, fearing that you might exploit any weaknesses.[28] Overcome suspicion and fear by building a climate of mutual trust. Building such a climate requires acting in a trustworthy fashion and demonstrating trust in the other person. This can be accomplished through five strategies. (1) Foster a sense of benevolence—goodwill and moral commitment. Highlight any similarities in family, community ties, ethnic background, and so on. Set up preliminary face-to-face meetings in neutral locations before the negotiation starts to build rapport. (2) Create opportunities for displaying trust. Break the negotiation process into stages and provide low-risk ways for both parties to prove themselves willing to trust. (3) Demonstrate trustworthiness. Keep even small promises, provide access to information about your position, be candid about issues that might arise, and stand behind your claims (with warranties, for example). (4) Put the negotiation in a longer-term context. Emphasizing that the parties have an ongoing relationship reduces the temptation to take advantage of the other negotiator. (5) Bring in mutually respected intermediaries. Find someone who can vouch for your reliability and punish dishonest behavior.

The next set of ethical issues in negotiation stems from the distribution of outcomes. Unequal settlements raise questions of fairness. For example, most of us feel uneasy if one party appears to take advantage of the other, as in the case of a buyer who convinces an elderly widow to sell her house at well below market value, or a giant food processing firm that squeezes the absolutely lowest price out of a small farmer. Determining exactly what is fair can be difficult, but making sure that both sides benefit is a good starting point.[29] Does the settlement violate norms of reciprocity? Would you counsel others to follow the same approach? What if everyone claimed a disproportionate amount of the benefits; what kind of society would that create?

The third set of ethical concerns shifts the focus beyond the parties directly involved in the negotiation process. Decisions made by bargainers can have a negative impact on outside groups. For instance, when a public utilities commission negotiates higher power rates with power companies, members of the community have to pay larger utility bills.

Then, too, settlements can adversely affect the environment and future generations. Take the case of landowners who negotiate mineral rights with mining companies. The property owners get generous settlements, and the firms gain access to the materials they need to generate significant profits. However, extracting the minerals can cause environmental damage that will scar the landscape for decades to come. One way to minimize the potential damage is to keep the interests of outside stakeholders—current and future—in mind. Weigh the benefits generated at the negotiation table against the harms that will be caused to outsiders. Consider the legacy you want to leave behind. (Do you want to be known and remembered for the terms of this settlement?)[30]

Conflicts of interest arise in negotiations when bargainers act as agents for outside parties. Lawyers negotiate on behalf of clients, real estate agents on behalf of sellers, union representatives on behalf of the union membership. Negotiation agents often face conflicting interests. On the one hand, they are being paid to get the best deal possible for their clients. On the other hand, there may be an incentive to settle for an outcome that benefits them rather than their employers. Lawyers may urge their clients to accept a smaller settlement so they can collect the fee that they might lose if the plaintiffs continue their lawsuit. By the same token, real estate agents may encourage buyers to purchase a less desirable property so that they can collect their commission. Lessen potential conflicts of interest by aligning your incentives with those of your employer (e.g., a bonus if you generate a better settlement for your client). Avoid even the appearance of a conflict of interest. For instance, don't accept trips and golf outings from suppliers lest you be tempted to make a deal that is not advantageous for your firm.

Unethical negotiation behavior isn't always the product of conscious reasoning. We can violate our ethical standards without being aware that we have done so through the process of *ethical fading*. In ethical fading, the ethical elements of the situation are masked by other issues or concerns.[31] Personal values and principles, which would have been critical before the negotiation, are ignored, resulting in deception, unfair settlements, and disregard for outside parties. If we recognize the negotiation cues that promote ethical fading, we can protect ourselves from unconsciously violating our ethical standards. Ethical fading is most likely when

- *the stakes are high*. Incentives unconsciously focus attention on the self and away from the other party.
- *negotiators face a potential loss*. People put more value on avoiding losses than on making gains. As a result, facing a potential loss prompts decision makers to choose riskier, less ethical strategies.
- *one party is significantly more powerful than the other*. High power blinds negotiators to the ethical implications of the situation, causing them to bluff and lie more often.
- *both parties are out to win*. Competition increases unethical behavior (see the discussion of distributive negotiation to follow). Negotiators focus on winning, not on

ethics. They may believe that they need to behave unethically to keep the other party from taking advantage of them.

- *there is a high level of uncertainty*. Those with less information about the other partner are more likely to lie to that person. In uncertain situations, self-perceptions and interests take priority. The line between right and wrong becomes blurred.

- *one party feels unfairly treated*. Perceived injustice encourages victims to engage in unethical behavior to restore fairness. They are often blind to the immorality of their actions.

- *when negotiators are anonymous*. Not knowing the identity of the other party, which is the case in some online negotiations, creates distance between negotiators. This distance encourages them to focus more on outcomes, have less empathy, and become more self-interested, all of which prompt deceptive behavior.

- *teams negotiate*. Groups are more likely to engage in deception than individuals. Teams reduce individual accountability because individuals fail to see how their actions influence group outcomes. Members can thus blame others for any unethical behavior. Dividing tasks between groups also disengages members from the outcomes of their actions. Each team only sees part of the bigger picture, making it easier to engage in misbehavior.

- *agents represent negotiating parties*. Using lawyers, real estate agents, and other representatives allows organizations to avoid direct participation in corruption, therefore shielding them from the ethical implications of their actions. Outside observers also shift the blame to the bargaining agent, freeing the negotiating party from having to take responsibility for its actions.

Adopt an Integrative Approach to Negotiation

Bargainers typically adopt either a distributive or integrative approach to negotiation. Distributive negotiators adopt the win-lose conflict management style described earlier. Their basic assumption is that they are engaged in a battle over a fixed "pie," or value. As a result, whatever one party gains is at the expense of the other. Integrative negotiators take a win-win approach. They are convinced that the pie can be expanded and that both parties can benefit. They view the negotiation as a joint problem-solving session. Table 6.1 offers a summary of the behaviors that come from adopting each perspective.

In comparing the two approaches, it is clear that distributive bargainers are more likely to engage in unethical negotiation behavior. They are tempted to deceive, generate unfair settlements, fall victim to conflicts of interests, and generate solutions that benefit them at the expense of outsiders. As a result, we should adopt an integrative perspective whenever possible. However, there do appear to be times when the rules call for a win-lose approach, such as when buying a motorcycle. We also risk being taken advantage of if we come to the table with an integrative approach and others are out to get as much as they can.

Table 6.1 Behaviors Corresponding to Distributive and Integrative Approaches to Negotiation

Integrative Negotiation	**Distributive Negotiation**
Open sharing of information	Hidden information
Trade of valued interests	Demand of interests
Interest-based discussion	Positional discussion
Mutual goals	Self-goals
Problem solving	Forcing
Explanation	Argument
Relationship building	Relationship sacrificing
Hard on problem	Hard on people

Integrative Negotiation	Distributive Negotiation

Source: Spangle, M. L., & Isenhart, M. W. (2003). *Negotiation: Communication for diverse settings*. Sage, p. 15.

Harvard negotiation experts Roger Fisher and William Ury outline one widely used integrative approach that enables negotiators to take a win-win approach while protecting themselves from being victimized. They call their problem-solving approach the *principled negotiation model*.[32] Here are the four steps of principled negotiation. You can practice these steps by applying them to Case Study 6.2, "Negotiating the Plant Reopening," at the end of the chapter.

1. *Separate the people from the problem*. Make sure that you address the human dimension of negotiation. Set the stage for productive discussions by building a working relationship. Think of yourself as working side by side to reach an agreement that is good for both of you. Once in the negotiation, address three types of people problems: perception, emotion, and communication. Don't blame the other party, but try to understand the other party's perspective. Recognize and address the emotions both sides feel; don't react to emotional outbursts, but reach out to build positive emotional connections. Address the other party directly (not third parties), actively listen, and use "I" language ("I was disappointed in your response") rather than "you" language ("You lied to me").
2. *Focus on interests, not positions*. A bargaining position is the negotiator's public stance (i.e., "I want to hire two new employees for my project"). An interest, on the other hand, is the reason why the negotiator takes that position ("I need additional help so that my team can finish the project on time"). Focusing on positions can blind participants to the reality that there may be several ways to meet an underlying need or interest. The company in this example might decide not to hire additional staff yet meet the project leader's need for help by reassigning current employees to the project team.

   The Camp David peace treaty between Egypt and Israel demonstrates how separating interests from positions can generate productive settlements. When the two nations began negotiating with the help of President Jimmy Carter in 1978, they argued over ownership of the Sinai Peninsula, which Israel seized from Egypt during the Six-Day War in 1967. Egypt took the position that all occupied lands should be returned immediately. Israel took the position that only some of the Sinai should be returned to Egyptian control, fearing that Egyptian tanks would be stationed on its border. As a result, the talks went nowhere. However, once the parties realized that Israel's real interest was national security and that Egypt's interest lay in regaining sovereignty over her land, an agreement was reached. Israel gave back the occupied territory in return for pledges that Egypt would not use the Sinai for military purposes. Tensions in the region continue, but the two nations have remained at peace.

3. *Invent options for mutual gain*. Spend time expanding the pie before trying to divide it. In other words, generate solutions that can meet the needs of both negotiators. Brainstorm a variety of possible ideas (either on your own or with the other party) that you can draw from later on, look for shared and complementary interests that can lead to creative outcomes, and develop options that will be attractive to the other side. Fisher and Ury offer the following example of a creative solution that met the interests of both parties.

   Consider Mary Follett's story of two men quarreling in a library. One wants the window open, and the other wants it closed. They bicker back and forth about how much to leave it open: a crack, halfway, three quarters of the way. No solution satisfies them both.

   Enter the librarian. She asks one why he wants the window open: "To get some fresh air." She asks the other why he wants it closed: "To avoid the draft." After thinking a minute, she opens wide a window in the next room, bringing in fresh air without a draft.[33]

4. *Insist on objective criteria*. Avoid a test of wills when reaching the final agreement. If you pit your will against another's, one of you will have to back down. One party may force the other into accepting an unsatisfactory solution as a result. Instead, agree on a set of criteria when determining a settlement. Employ fair standards (market value, industry standards, replacement costs, scientific findings) and fair procedures (taking turns, letting another party decide). Negotiators typically accept agreements that are in line with widely accepted principles.

COMBATING AGGRESSION AND SEXUAL HARASSMENT

Types of Aggression

Aggressive behavior is the most destructive form of conflict at work. Interpersonal aggression consists of conscious actions that hurt or injure. Such behavior can take a variety of forms, from refusing to return phone calls to screaming at employees to murder. One widely used typology categorizes aggression along three dimensions: (1) physical–verbal (destructive words or deeds); (2) active–passive (doing harm by acting or by failing to act); and (3) direct–indirect (doing harm directly to the individual or indirectly through an intermediary and by attacking something the individual values).[34] Examples of behaviors that fit into each of these categories are outlined in Table 6.2.

Aggressive behavior is the product of a number of factors—personal, social, and situational. Personal causes of aggression include being competitive and driven, assuming the worst in others, having extremely high or low self-esteem, and failing to note situational cues, which escalates conflicts. Social causes of aggression include interference in achieving goals, verbal and physical assaults, displaced aggression (retaliating against third parties), and aggressive role models. Contextual triggers of aggression include oppressive supervision, job stress, injustice, drugs and alcohol, and unpleasant working conditions—noise, crowding, heat, cold.[35]

Incivility is the mildest and most common form of workplace aggression. Incivility consists of rude, discourteous actions intentional or unintentional that disregard others and violate norms of respect. Examples of workplace incivility include leaving a mess for custodians to clean up, making a sarcastic comment about a peer in front of coworkers, and claiming credit for someone else's work.[36] Such behaviors are unethical because they disregard the dignity of persons and demonstrate a lack of compassion for others. Surveys reveal that from 50% to 86% of employees have witnessed or experienced workplace incivility, 10% to 20% on a daily or weekly basis. Men are more likely to be uncivil than women, and women are more likely to be the targets of uncivil behavior. (To determine your exposure to incivility, complete Self-Assessment 6.2.)

Table 6.2 Types of Aggression

Type of Aggression	**Examples**
Physical-active-direct	Punching, kicking, stabbing, shooting another person

Type of Aggression	Examples
Physical-active-indirect	Sabotaging a piece of equipment so that another person will be hurt; removing tools and supplies
Physical-passive-direct	Physically preventing another person from obtaining a desired goal or performing a desired act (e.g., by failing to move out of the person's way when asked to do so)
Physical-passive-indirect	Refusing to perform necessary tasks (e.g., refusing to provide information or help needed by a coworker)
Verbal-active-direct	Insulting or derogating another person in some manner
Verbal-active-indirect	Spreading malicious rumors or gossip about another person
Verbal-passive-direct	Refusing to speak to another person or refusing to answer questions posed by this person
Verbal-passive-indirect	Failing to speak up in another person's defense when the person is unfairly criticized

Source: Adapted from Baron, R. A. (2004). Workplace aggression and violence: Insights from basic research. In R. W. Griffin & A. M. O'Leary-Kelly (Eds.), *The dark side of organizational behavior*, p. 29. San Francisco: Jossey-Bass. Reprinted by permission of John Wiley & Sons, Inc.

Most instances of incivility go unreported, in part because of their ambiguous nature. Is a coworker's failure to greet a colleague a deliberate act of disrespect, or is the coworker distracted, for example? Is the boss's comment about someone arriving late a joke or a put-down? Targets might also fear retaliation from aggressors who may have significant informal power. However, failure to address incivility can have serious consequences. Those targeted report lower job satisfaction, have trouble focusing on their tasks, experience negative emotions, and are more likely to consider quitting (and do so). Incivility costs businesses an estimated $14,000 per employee per year in lost productivity. Unchecked incivility can spiral into coercion and violence as the target reciprocates in kind, prompting the instigator to escalate by becoming more aggressive, which prompts a more intense response from the target, and so on.

To address incivility, organizations need to acknowledge incivility and clearly identify and reward civil behaviors. Leaders should model appropriate actions and, with the help of employees, develop a civility policy. This policy should emphasize the importance of creating a positive, caring work environment. For example: "Treat each other with respect" (Boeing). "We treat each other with respect and dignity" (AT&T). The guidelines need to describe appropriate and inappropriate behaviors while outlining procedures for handling reports of incivility and identifying penalties for violators. Supervisors need to gather feedback from employees about instigators who might otherwise hide their actions from higher-ups. Violations need to be punished quickly. As organizational members, we can do our part to reduce incivility by making sure our own behavior is respectful; mastering conflict management, listening, and other skills that can curtail incivility in our daily interactions; and reporting instances of incivility.

Self-Assessment 6.2: Workplace Incivility Scale

Instructions

Use the following scale (0 = *Never*, 1 = *Once or twice*, 2 = *Sometimes*, 3 = *Often or many times*) to indicate your experience with situations 1–7 at your current job. How often have any of your superiors or coworkers …

1. Put you down or been condescending to you?	0	1	2	3
2. Paid little attention to your statement or showed little interest in your opinion?	0	1	2	3
3. Made demeaning or derogatory remarks about you?	0	1	2	3
4. Addressed you in unprofessional terms, either publicly or privately?	0	1	2	3
5. Ignored or excluded you from camaraderie (social interaction)?	0	1	2	3
6. Doubted your judgment on a matter over which you have responsibility?	0	1	2	3
7. Made unwanted attempts to draw you into a discussion of personal matters?	0	1	2	3

Scoring

Add up your total score and divide by 7, which will reveal how often, on average, you experience incivility at your workplace

Source: Cortina, L. M., Magely, V. J., Hunter Williams, J., & Day Langhout, R. (2001). Incivility in the workplace: Incidence and impact. *Journal of Occupational Health Psychology 6,* 64-80. Used by permission.

Bullying, like incivility, is a common form of workplace aggression. Bullying involves repeated, unwanted actions and behaviors carried out over weeks, months, and years, which are designed to humiliate victims and cause them psychological distress.[37] Bullies consciously engage in such behaviors as shouting, name-calling, insults, threats, unsafe job assignments, cruelty, sabotage, and spreading harmful rumors. Such behavior can occur in person or online (cyberbullying). In the United States, 19% of those surveyed by the Workplace Bullying Institute report being bullied in the past year while at work. Forty percent of Canadians indicate that they have been bullied at least once a week for a period of six months. The global prevalence of workplace bullying is estimated to be 14.6%.

Mobbing, which is closely related to bullying, is carried out by groups with the formal and informal support of the organization. The term comes from animal behavior where a group of birds or animals targets one specific individual in order to drive it away. In human organizations, groups of employees target coworkers to remove them because they are seen as outsiders based on their cultural background, immigrant status, gender, race, and sexual identity. Mobbing victims may also be targeted because they speak out against organizational policies or wrongdoing, underachieve (and keep the team from reaching its goals), or overachieve and thus are seen as threats.[38] Organizational leaders sanction mobbing through active participation (e.g., spreading rumors about the victim, demoting the individual) or by refusing to help the target and allowing the attacks to continue.

Workplace violence is the most extreme form of workplace aggression. Two million U.S. workers are physically threatened or assaulted every year. (The Occupational Safety and Health Administration estimates that 25% of violent incidents are not reported.) Homicides account for 9% of all occupational deaths.[39]

Not surprisingly, bullying, mobbing, and violence can do extensive damage to both individuals and the organization as a whole.[40] Victims may be injured, experience higher stress levels leading to poor health, become fearful or angry or depressed (leading in some cases to thoughts of suicide), lose the ability to concentrate, and feel less committed to their jobs. Observers who witness aggressive incidents may suffer some of the same negative outcomes. They, too, experience more anxiety and a lowered sense of

well-being and commitment. Family members may be impacted, as victims take out their frustrations at home. At the organizational level, performance drops as a result of aggressive actions. Workplace aggression, whether in person or online (see Contemporary Issues in Organizational Ethics 6.1), is correlated with lower productivity, higher absenteeism and turnover rates, lawsuits, and negative publicity.

Contemporary Issues in Organizational Ethics 6.1: The Evolution of the Online Troll

Computer technology has given birth to a new form of aggression: online trolling. Internet trolls provoke emotional reactions and disrupt discussions in newsgroups, Twitter feeds, chat rooms, blogs, and other forums. Chances are good that you have witnessed or have been the victim of trolling. A Pew Research Center survey of U.S. adult internet users found that 73% had witnessed online harassment and 40% had been personally harassed. A sample of undergraduates at one U.S. university found that all had experienced trolling, receiving an average of 37 trolls per month. At the same time, many targets of trolling also engage in trolling. Of adults who have posted comments online, 38% of Americans and 27% of Britons have engaged in conduct that would be considered trolling by deliberately posting a controversial inflammatory comment, posting an off-topic statement, or maliciously debating another user.

Definitions of trolling behavior have evolved since the origins of the internet. The term, first noted on Usenet discussion groups in the late 1980s, originally referred to posting messages to see how others would respond, similar to trailing a lure behind a boat in hopes of hooking a fish. Trolls would post stupid or "newbie" questions, for example, to see who would "bite" and would then sit back and enjoy the ensuing debate. Now the term *trolling* covers any type of negative online behavior, ranging from pranks (posting humorous reviews on company websites) to harassment (physical and death threats) and other forms of aggression (racist tweets, mocking the recently deceased on memorial pages). Hostile trolls conjure up images, not of fishing but of the ugly fairy-tale creatures who eat anything from billy goats to small children.

Highly aggressive trolling has a significant negative impact on victims, resulting in emotional distress, depression, and even suicide. The United Kingdom, the United States, and New Zealand have laws that prohibit communications that are highly offensive and cause emotional distress or incite suicide. Negative reviews on corporate message boards can drive away customers.

Not everyone agrees that all trolling is harmful. Researchers report that "lite" trolling can have a positive impact on online communities by providing humor, pointing out in-group biases, and reinforcing community standards as participants punish offenders. Product trolls can sometimes drive traffic to a website, stimulate product awareness, and increase sales.

Organizations starve trolls by improving the digital literacy of targets, reducing the motivation of perpetrators, and actively monitoring online sites. Targets develop effective responses to trolls by ignoring or blocking troll messages and by learning how to report trolls. Online communities reduce the motivation of trolls through

consistently stating and enforcing sanctions, which makes it harder for them to participate. They also avoid confrontation, which feeds the trolls' insatiable appetite for attention. Guardians (site monitors) increase the effort and risk of trolling by actively tracking content, hiding troll comments, introducing troll badges, warning visitors of the presence of trolls, and so on.

Sources: Case, C. J., & King, D. L. (2017). Internet trolling in social networking sites: A preliminary investigation of undergraduate student victimization. *Journal of Business and Behavioral Sciences, 29*, 32–43.

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Golf-Papez, M., & Veer, E. (2017). Don't feed the trolling: Rethinking how online trolling is being defined and combated. *Journal of Marketing Management, 33*, 1336–1354.

Sanfilippo, M., Yang, S., & Fichman, P. (2017). Trolling here, there, and everywhere: Perceptions of trolling behaviors in context. *Journal of the Association for Information Science and Technology, 68*, 2313–2327.

Resisting and Reducing Aggression

Offering resistance to bullying can be risky. Bullies generally have more power and status; those who object to their behavior are often punished or find themselves out of a job. When confronted by their victims, bullies often escalate the abuse. Nonetheless, targets of bullying often do resist, convinced they have a moral duty to do so. They want to confront the unethical behavior and keep harassers from hurting others.[41] Third parties who observe bullying may intervene as well. Those with the strong moral identity described in Chapter 3 are most likely to recognize this type of injustice and are motivated to act by moral anger.[42]

If you find yourself the victim of harassment, you can resist by following these steps[43]:

> *Step 1:* Examine your behavior to ensure that you are not seen as bullying others (which provokes an aggressive response from the harasser).
>
> *Step 2:* Manage your work-related behaviors by improving your work performance (if needed) in order to meet high standards and adhere to group norms.
>
> *Step 3:* Build your power by forming alliances with others; by increasing the bully's dependence on your skills and knowledge; and by developing your expertise in an area of vital importance to the organization.
>
> *Step 4:* Calmly confront the bully, focusing specifically on the harassing behavior and communicating that it needs to stop immediately.
>
> *Step 5:* Report the bully to the internal authorities like the human resources department or a supervisor (be sure to document the abuse).
>
> *Step 6:* Go outside the organization, bringing legal action on the basis of assault, battery, emotional distress, and so on.
>
> *Step 7:* Look for another job in an organization that discourages bullying.

The difficulty of resisting ongoing aggression either as a victim or as an observer makes a strong case for preventing aggression before it starts. Strategies for reducing aggression must address its personal, social, and contextual origins.[44] Careful screening of potential employees is a good place to start. Try to weed out individuals with aggressive tendencies and strong type A personalities through interviews, testing, and reference checks. Ask applicants how they responded when unfairly treated or what they would do in a difficult job-related situation. Careful reference checks can identify individuals who should not be hired because of their patterns of abusive and threatening behavior. For current employees, provide training in social skills. Some workers get caught up in aggressive

interactions because they unwittingly provoke others. They may not understand that their behavior irritates their peers and generates negative feelings.

Next, address social factors. To reduce frustration, establish legitimacy for decisions and actions by providing background information and rationale to your employees. Short-circuit the development of a climate of aggression by eliminating aggressive role models and punishing offenders. Effective punishment is prompt, highly certain, strong, and justified.

Finally, reduce negative contextual factors. Cut back on tight supervision, eliminate unnecessary rules, and avoid intrusive monitoring practices. Give your employees more control over how they complete their tasks, and outlaw drinking on the job (even at lunch). Reduce the impact of stressors by lowering work demands, by providing physical and emotional outlets (recreation areas, nap rooms, office celebrations), and by supplying stress management training. Create pleasant working environments with adequate space, comfortable temperatures, soundproofing, attractive furnishings, and so on. Prevent perceptions of injustice by treating others with respect, using the communication skills described in Chapter 4.

Preventing Sexual Harassment

Sexual harassment is a distinctive form of aggression based on biological sex, gender identity, or sexual orientation. Men harassing women is by far the most common, but it should be noted that women do harass men and both men and women can harass others of the same sex, as in the case of a gay or lesbian supervisor demanding sexual favors from an employee of the same sex. Sexual harassment is a global problem that has drawn the attention of the European Union, International Labour Organization, and United Nations.[45] There are three types of sexual harassment behaviors.[46] The first is *gender harassment*, which consists of gender-based (nonsexual) comments and behaviors designed to demean members of a particular gender group. For example, a supervisor may claim that a woman can't do a job defined as "men's work." The second form of harassment consists of *unwanted sexual attention*. This category includes both verbal (repeated requests for dates) and nonverbal behaviors (gestures, touching, kissing). The third is *sexual coercion*, which is forcing employees into sexual activity through promises or threats. A boss might promise a promotion to a subordinate who sleeps with him or threaten to fire her if she does not.

In the United States, there are also legal definitions of sexual harassment, which is prohibited by law. Title VII of the Civil Rights Act of 1964 forbids discrimination in employment based on "race, color, religion, sex, or national origin." The Equal Employment Opportunity Commission (EEOC) enforces this statute, as do the Americans with Disabilities Act and the Equal Pay Act. State laws also apply to harassment cases. The EEOC (backed by a Supreme Court ruling) has extended the sex discrimination provisions of Title VII to protect lesbian, gay, bisexual, and transgender (LGBT) employees from unfair treatment in the workplace.[47] Examples of LGBT sex discrimination include denying family health coverage to a female employee with a female spouse, firing individuals making the transition from male to female, failing to provide equal access to restrooms corresponding to gender identity, denying a promotion to a gay or straight employee because of sexual orientation, and harassing bisexuals in the workplace.

According to the EEOC and a number of court decisions, there are two forms of sexual harassment under the law.[48] The first is called *quid pro quo*, which is a legal term roughly meaning "something for something." Plaintiffs in quid pro quo cases claim that they were coerced into providing sexual favors to their supervisors in return for keeping their jobs or getting promotions and raises. This constitutes discriminatory behavior because victims were required to submit to conditions not placed on other workers. The second type of harassment involves the creation of a "hostile work environment." Plaintiffs in hostile work environment cases claim that working conditions interfere with their job performance. The following have been identified as components of a hostile work environment:

- *Harassment aimed at one gender (or gender identity)*. This includes comments or slurs directed at only one gender, not the other, or toward transgender persons.

- *Severe and sustained negative behavior*. Generally, a pattern of behavior must be established, like a series of lewd comments and offensive gestures, not just one isolated remark.

- *Negative effects of behavior on the receiver*. Behavior is considered harassing when it offends the recipient, regardless of the expressed intent of the perpetrator. A male worker may put up a sexual poster "for fun," for instance, but this display is illegal because it makes his female coworkers uncomfortable.

- *Violation of the "reasonable woman" standard*. The behavior must violate what the typical woman would see as appropriate. A business lunch between a male and female colleague would not be seen as harassment under this standard. Harassment would occur, however, if a supervisor kept asking a subordinate for a date despite her repeated refusals.

- *Significant damages*. Claimants must establish that the behavior had a significant negative impact (caused discomfort, lowered work performance).

- *Unwelcome behavior*. Consensual behavior is not illegal, but unwanted behavior is. Researchers have discovered that men and women often interpret the same behavior differently. Males often see "friendly" behavior on the part of women as sexual in nature. They are more likely to be flattered by sexual attention, whereas females find it offensive. Conversely, men are less likely than women to define teasing sexual remarks, jokes, and suggestive looks and gestures as harassing behavior.

Examples of both quid pro quo and hostile work environment sexual harassment (male to female) can be seen at Fox News. Former network president Roger Ailes was forced to resign after the company paid $20 million to settle claims by former network anchor Gretchen Carlson and 20 other women. He reportedly told Carlson that they "should have had a sexual relationship a long time ago" and squeezed the buttocks of a young intern. In another suit, the plaintiff who was applying for an anchor position alleges that Ailes asked her to turn around for him, as it was important for on-air females "to look good head to toe." He reportedly contacted a former boyfriend to ask if the applicant would "put out" sexually. When the boyfriend said no, she was turned down for the job. Fox also settled harassment claims involving the network's former leading star, Bill O'Reilly. Former *O'Reilly Factor* contributor Juliet Huddy reported that the anchor tried to forcibly kiss her, made sexual remarks over the phone (sometimes while apparently masturbating), took her to dinner and the theater, and, when she returned a key to his hotel room, opened the door in his boxer shorts. When Huddy rebuffed his advances, O'Reilly removed her from the show.[49]

Sexual harassment, while unique, does have elements in common with other forms of workplace aggression. Like other aggressive behavior, it occurs with distressing frequency. (The #MeToo movement, profiled in Case Study 6.3, has revealed the worldwide scope of sexual abuse and harassment.) An analysis of 55 surveys involving more than 86,000 women found that 58% had experienced potentially harassing behaviors at work. A much

higher percentage (81%) reported being the victim of verbal and other sexual harassment in a recent national online sample of women and men 18 or older.[50]

Harassment is most frequent in male-dominated, blue-collar jobs (construction worker, machinist), but female doctors, lawyers, and other professionals are not immune from being targets of such behavior. Neither are women students. The rate of harassment among female college students is roughly that of female workers, with more than 50% reporting having been targeted for such harassing actions as insulting remarks, propositions, bribes, and threats. Eleven percent say they have been victims of sexual assault, which has prompted more schools to require that all students complete sexual assault awareness programs.[51] Like bullying, sexual harassment has found a home online. In one well-publicized case, male Marines posted nude photos of their female colleagues on men-only Facebook sites along with "sexually aggressive" comments.[52]

The costs of sexual harassment mirror those of other aggressive behaviors. The work performance of targets suffers due to stress, decreased morale, damaged relationships, withdrawal, and career changes. Many victims quit their jobs or are fired for filing complaints. Targets experience headaches, sleep loss, weight loss or gain, nausea, sexual dysfunction, and eating and gastrointestinal disorders. Negative psychological effects include depression, a sense of helplessness and loss of control, fear, detachment, and decreased motivation.[53]

Many of the same personal, social, and contextual factors that promote other forms of aggression also contribute to harassment. Offenders are more likely to harbor hostility and to be low self-monitors. Men may be frustrated because they believe that women as a group are taking away their privileges, and they retaliate. Perpetrators also take their cues from others who model harassing behavior.

In addition to these general factors, there are unique determinants of harassment.[54] First, male sexual aggressors hold more traditional (less egalitarian) views of females. They expect women to function in nurturing roles and believe that some professions should be closed to females. Harassment punishes those who violate these prescriptions and victimizes women while reinforcing the masculine image of the perpetrator. Second, violators hope to win sexual favors and other payoffs, like reduced competition for jobs. Third, rates of sexual harassment are substantially higher in organizations that don't take complaints seriously, fail to investigate charges or punish offenders, and retaliate against whistle-blowers. Fourth, harassment preserves male-dominated organizational systems that give men power over women.

You can take a number of steps to prevent sexual harassment, beginning with intervening if you see such behavior occurring. Interrupt and challenge the harasser, identifying the behavior as sexual harassment. Publicly encourage the target to report the incident. Following the incident, offer to report the harassment on behalf of the target or to accompany the person when making a report; confront the harasser.[55] Create a zero-tolerance organizational climate. Adopt a written policy that condemns such actions, spells out what types of behavior qualify as harassing, encourages victims to come forward,

identifies penalties, and prohibits retaliation. Then back up the policy with an effective investigation procedure using an impartial third party who interviews all participants. Attack gender stereotypes through training, which also encourages men to understand how women perceive behavior that men interpret as harmless. Increase the proportion of women in the organization to reduce the likelihood of harassment. Set boundaries on workplace romances so that they don't result in sexual harassment.

University of Arkansas business professor Anne O'Leary-Kelly and her colleagues suggest that paying more attention to the moral dimension of sexual harassment would also reduce its frequency.[56] Clearly, such behavior, which is harmful, selfish, and unfair, is unethical as well as illegal. The stronger the employees' sense that harassment has a moral component (the higher its degree of *moral intensity*—see Chapter 2), the more likely it is that those workers will avoid sexually aggressive actions and intervene when they observe harassment. Professor O'Leary-Kelly suggests that you can increase the moral intensity of sexual harassment through the following actions:

1. *Make aggressors aware of the effects of their actions.* Some individuals, as noted earlier, aren't aware that their actions are harmful. Others may think they are hurting only the target of their sexual advances or remarks. Perpetrators need to learn that their actions are destructive not only to the target but to other women, the work team, and the entire organization. This is particularly important in light of the fact that the majority of victims do not file complaints for fear of retaliation. Offenders therefore get the mistaken notion that their behavior is not harmful.
2. *Encourage consensus about the definition and immorality of sexual harassment*. Create a shared understanding of what harassment might be in your particular organization, and develop clear standards of behavior that highlight the unethical nature of harassing actions. Promote discussion about situations that make participants uncomfortable.
3. *Shorten the time between conduct and consequences.* Moral intensity drops when there is a substantial delay between a behavior and its consequences. Immediate response is difficult in hostile-environment harassment cases, since a pattern of behavior must be established. Offenders feel distanced from their harmful actions as a result. Try to shorten this psychological distance by investigating and responding promptly. Begin investigations immediately after complaints surface, and come to a quick resolution.
4. *Emphasize similarities.* Our sense of moral obligation is highest when we perceive similarities between others and ourselves. Even though harassment is based on the differences between agents and targets, build a sense of similarity by emphasizing shared organizational goals and values. Provide opportunities for men and women to discuss their similar personal values, goals, and dreams.
5. *Promote individual responsibility.* Moral intensity is heightened by acknowledgment of personal accountability. Harassers will more likely desist if they stop trying to diffuse responsibility by blaming the work environment or the behavior of their colleagues. Highlight the fact that sexual harassment damages the character of the perpetrator and is inconsistent with such personal values as equality, respect, and concern for others.

Chapter Takeaways

- Conflict is an inevitable and increasingly common fact of organizational life. Conflict arises when interdependent parties perceive incompatible goals and scarce resources and believe that others are keeping them from reaching their objectives.
- Don’t try to avoid conflict; instead, learn how to ethically manage disagreements.
- Functional or productive conflicts focus on the content of messages and are designed to solve problems. Dysfunctional or unproductive conflicts center on personalities and generate strong negative emotions, which produce escalation or avoidance behaviors.
- While you can’t control how the other party responds in a conflict, you can exercise significant control over how the episode unfolds, your confidence in your own abilities, your attributions about the other party, your goals, and your communication strategies.
- Adopt a collaborative personal conflict style as your first option; employ other conflict styles when the situation calls for it.
- Put conflict guidelines in place that foster problem solving and mutual gains.
- Defuse conflict by apologizing when you have harmed others. An ethical apology includes acknowledgment of the offense, expression of remorse, an explanation for the behavior, and offering reparations. Be prepared to offer forgiveness as well.
- Negotiation resolves conflict by generating joint agreements or solutions. When negotiating, you will encounter three types of ethical issues: choice of tactics, distribution of benefits, and the impact of the settlement on outsiders.
- To avoid using deceptive negotiation strategies, plan ahead to anticipate questions and build a truthful relationship with the other party.
- Recognize negotiation cues that mask the ethical elements of the situation, which leads to the unconscious use of unethical tactics.
- Distributive bargainers take a win-lose approach to negotiation, which encourages unethical behavior; integrative bargainers view negotiation as a process of joint problem solving.
- Take an integrative approach to negotiation by following the steps of principled negotiation. Separate the people from the problem, focus on

interests and not positions, invent options for mutual gains, and insist on the use of objective criteria.

- Aggression, which is aimed at hurting others, is the most destructive form of conflict, damaging victims, observers, and the organization as a whole.
- Incivility (rudeness and disrespect), bullying (repeated attempts to do psychological damage to targets), and mobbing (groups ostracizing individuals) are common forms of aggression.
- Emphasize the importance of treating others with respect to reduce incivility. Resist bullying by strengthening your power base (develop expertise, recruit allies) and turning to authorities in the organization for help.
- Reduce aggression by addressing its personal, social, and contextual origins: (1) Screen out potential offenders. (2) Provide interpersonal skills training for employees. (3) Share your rationale for decisions. (4) Punish offenders and eliminate aggressive role models. (5) Cut back on intrusive management practices. (6) Reduce stressors. (7) Empower workers. (8) Create pleasant working conditions.
- Sexual harassment is a special form of aggression based on biological sex, gender identity, or sexual orientation. You can prevent quid pro quo and hostile-environment sexual harassment by creating a zero-tolerance climate, by training, by hiring more women, and by raising awareness that this type of behavior is immoral. Interrupt harassment when you see it occurring and make sure it is reported.

Application Projects

1. Conduct a conflict inventory. Identify the sources and types of conflict common to your organization and how these disputes are typically resolved. What does this inventory tell you about the organization's conflict patterns and how effectively members deal with conflict?
2. Reflect on the results of Self-Assessment 6.1. Record your responses to the following questions: What is your conflict style? Why do you think you take this approach to conflict? How has this style been effective? Ineffective? What are the ethical strengths and weaknesses of this approach? What steps can you take to develop a more collaborative conflict style?
3. Create a set of conflict guidelines (a conflict covenant) for your small group. These guidelines should outline the procedures you will follow in conflict situations, what type of comments members may and may not make, and so on.
4. Try to employ collaborative guidelines and tactics in an ongoing conflict. Report on the success (or lack of success) of your efforts.
5. Analyze the apology of a public figure or an organization. How well does it fulfill each of the four elements of ethical apologies outlined in the chapter?
6. Evaluate your ethical performance in a recent negotiation. Based on material from the chapter, identify the ethical issues you faced. Describe how you responded to these dilemmas. What, if anything, would you do differently next time? Write up your analysis and reflections.
7. Prepare for an upcoming negotiation using the steps of principled negotiation. Determine how you will deal with people issues, focus on interests, invent a variety of solutions, and identify objective criteria you can use when reaching an agreement. As an alternative, apply the steps to Case Study 6.2.
8. Create a case study dealing with workplace aggression. What factors contributed to this incident, and how could they be reduced or eliminated?
9. How often have you been the victim of incivility based on your response to Self-Assessment 6.2? How do you feel and respond? What policies, if any, does your organization have to promote civil behavior? Write up your conclusions. As an alternative, describe your experience with a workplace bully. What impact did the bully have on your well-being? How did you respond? What suggestions would you make to others who might be victims?
10. Evaluate your organization's sexual harassment policies and procedures. What policies does your organization have to prevent and punish sex discrimination and harassment? Are they enforced? How effective are they? What else should be done?

Case Study 6.1: A Tale of Two (Un) Apologies

Any list of all-time bad apologies is likely to include United Airlines' response to violently removing a passenger from a Sunday flight in 2017. Dr. David Dao, 69, was told he had to give up his ticket on a fully booked Chicago to Louisville flight so a United crew member could take his seat. Dao refused, saying that he was a medical doctor who had patients to see the next morning. United personnel called Chicago security officers who wrenched him from his seat and dragged his limp body down the aisle of the plane. Video of the event shows shocked passengers shouting, "No! This is wrong." And "My God!" Dao suffered a concussion, broken teeth, and a broken nose.

In his initial reaction on Monday morning, United CEO Oscar Munoz blamed Dao, calling him unruly, even though fellow passengers say he was calm before being asked to leave his seat. Munoz apologized for overbooking the flight (though it wasn't actually overbooked). On Monday afternoon, CEO Munoz stated, "This is an upsetting event to all of us here at United. I apologize for having to re-accommodate passengers."[1] He made no mention of the trauma inflicted on Dr. Dao or on witnesses to the event. The term "re-accommodate" appears to be a euphemism for throwing passengers off of flights. However, he did vow to conduct a full investigation of what happened. Monday evening, he sent a letter to employees, saying he stood by them, complimenting them for following established procedures, and declaring that there were lessons to be learned from this experience.

Munoz's comments sparked a firestorm. Congress and the U.S. Department of Transportation threatened investigations, and customers mounted a boycott. The Chinese speculated that Dao was targeted because of his ethnicity. (China is an important growth market for United.) United became the top topic on Twitter under the heading #NewUnitedAirlinesMottos. Users offered such slogans as "not enough seating, prepare for a beating."[2] The company attracted 100 million views on Weibo, China's version of Twitter.

By Tuesday, Munoz had dramatically changed course in response to the public relations crisis and a drop in United's stock price. He issued yet another statement, this time taking responsibility and offering an apology.

> The truly horrific event that occurred on this flight has elicited many responses from all of us: outrage, anger, disappointment. I share all of those sentiments, and one above all: my deepest apologies for what happened. Like you, I continue to be disturbed by what happened on this flight and I deeply apologize to the customer forcibly removed and to all the customers aboard. No one should ever be mistreated this way.

> I want you to know that we take full responsibility and we will work to make it right.
>
> It's never too late to do the right thing.[3]

On Wednesday morning, Munoz appeared on *Good Morning America*, declaring he felt "shame" when he viewed the video of Dao being dragged off of the flight. "This can never—will never—happen again on a United Airlines flight. That's my premise and that's my promise."[4]

On Thursday, Munoz committed to never asking law enforcement personnel to remove passengers except in cases of safety and security and to provide better training for employees. He vowed to review the company's policies regarding how it moves its crews, how it incentivizes volunteers, and how it handles oversold flights. The airline provided refunds to all the passengers on Dao's flight and claimed to have reached out repeatedly to apologize to the doctor.

Dao's family sued United and later reached an "amicable settlement." A family attorney praised the CEO, noting "Mr. Munoz said he was going to do the right thing, and he has. In addition, United has taken full responsibility for what happened on Flight 3422."[5] The Chicago port authority fired two officers for violating its policies. However, fallout from the incident, as well as United's bungled response, continues. One of the fired officers has sued the airline and the port authority, claiming that he acted properly but that if he acted improperly it was due to improper training.

Company leaders aren't the only organizational officials to offer ineffective apologies. In 2020, at the height of the coronavirus pandemic, then Navy secretary Thomas Modly offered his own version of an (un)apology after sacking the captain of the U.S. Navy aircraft carrier *Theodore Roosevelt*. When a number of sailors became infected with COVID-19, Captain Brett Crozier quickly put out a call to his superiors in the Navy, requesting immediate assistance in getting as many sailors off the ship as possible in an attempt to quell the spread of the virus. When a response was long in coming, the captain sent an email to over 20 of his Navy colleagues, pleading his case. The issue? Crozier sent his email over an unclassified server, with the seeming intention of allowing the email to leak to the press. The email was indeed obtained by the *San Francisco Chronicle*, and the story of sailors trapped in a COVID-19-infested Navy warship fast-tracked to the front page.

Modly was embarrassed and incensed. Against the advice of naval leadership, and with no formal investigation, Modly dismissed Captain Crozier from his position. He stated that Crozier had gone outside the chain of command and that he was ill prepared to lead in a time of crisis. The Navy secretary then jumped on a Navy jet for an 8,000-mile, 35-hour flight to Guam, where the *Roosevelt* was docked, a trip that cost U.S. taxpayers $243,000. There he delivered a profanity-laced tirade over

the ship's intercom to the entire crew of 4,800 sailors, in which he referred to Captain Crozier as "naïve" and "stupid" for believing his message wouldn't get out to the press. Modly berated the crew for expressing their support for the captain, who was beloved by his sailors. He then departed back to Washington, DC.

Modly apparently wanted to reprimand Crozier and gain the support of the crew, but those aboard the ship described Modly as "whiny, upset, irritated, and condescending."[6] Rather than galvanizing support, the Navy secretary's remarks caused an uproar both inside and outside of the Navy. Many, including leaders in Congress, called for Modly to be fired for his inappropriate handling of the situation aboard the aircraft carrier. When questioned about his comments to the sailors aboard USS *Theodore Roosevelt*, Modly boldly said that he stood "by every word." Yet, within hours, Modly issued the following apology in which he tried to retract his classification of Captain Crozier as naïve and stupid. He may have done so because President Donald Trump threatened to get involved.

> Let me clear, I do not think Captain Brett Crozier is naïve or stupid … I believe, precisely because he is not naïve and stupid, that he sent his alarming email with the intention of getting into the public domain in an effort to draw public attention to the situation on his ship. I apologize for any confusion this choice of words may have caused. I also want to apologize directly to Captain Crozier, his family, and the entire crew of *Theodore Roosevelt* for any pain my remarks may have caused.[7]

Modly's apology, though better than his initial response, fell short. His statement was vague and confusing. Was he apologizing for the harm he caused the captain and crew or only for his choice of words? He continued to blame Captain Crozier and resorts to passive language ("any confusion"; "any pain my remarks may have caused") that distanced him from his actions. Submitting to external and internal pressure, Modly resigned his post the following day. Captain Crozier was quarantined and was himself treated for COVID-19. A vice admiral also went to the carrier after Modly's visit in an apparent attempt to repair the damage caused by the Navy secretary. There the vice admiral addressed the sailors and then took questions from the crew, staying aboard for several days.

Discussion Probes

1. What do these two events teach us about what *not* to do when offering an apology?
2. What should have been the initial response of Munoz and Modly?
3. If you were asked to write Secretary Modly's apology, what would you say?
4. How do you determine whether to accept an apology? What should be included? What do you include when you apologize to someone else?
5. Do you agree that "It's never too late to do the right thing" when it comes to apologizing?

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Case Study 6.2: Negotiating the Plant Reopening*

* Inspired by actual events.

For decades, Brilliance Glass Manufacturing was the pride of the small town of Husker, Nebraska. Brilliance is one of the few companies making specialty colored glass for stained-glass windows, figurines, and other artwork. Its products are used by some of the top artisans in the world. The plant is the largest employer in Husker, and plant tours are featured in tourist brochures.

In the past few months, Husker pride in Brilliance Glass has turned to concern. Following reports that another specialty glass manufacturer on the East Coast was releasing dangerous levels of cadmium, arsenic, chromium, and lead into the air, state and federal environmental officials tested the air and soil around the Brilliance plant. They found abnormally high levels of lead in the soil in the surrounding neighborhood, including at a day care center. Ingesting enough lead can cause permanent brain damage and is especially dangerous to children. Officials issued an order temporarily shutting down the plant, and panicked parents had their children tested for lead poisoning. Fortunately, no children had dangerous levels of the metal in their systems. Press coverage highlighted the lax enforcement of environmental regulations that could have prevented the toxic emissions.

Nearly all Brilliance employees were laid off as a result of the closure. Plant managers installed a new pollution control system that should eliminate 99% of all toxic metal emissions. The company also promised to greatly reduce its use of toxic metals in the production process, though doing so will reduce the quality and variety of the glass it produces.

Imagine that the Brilliance CEO has appointed you to head up negotiations to reopen the plant. If a satisfactory agreement cannot be reached, the CEO will close the plant or move production to China or Mexico, where environmental restrictions are much looser. Others participating in the negotiations include

- representatives from the state department of environmental quality and the federal Environmental Protection Agency;
- the chair of the neighborhood association, a parent of two small children, who represents neighbors living close to the plant;
- the town's mayor; and
- the director of the regional tourist bureau.

You have two days to prepare for the first negotiation session.

Discussion Probes

1. How can you encourage participants to take an integrative approach to negotiation?
2. How might you separate the people from the problem?
3. What are the interests of each party?
4. What possible solutions could meet the interests of all parties?
5. What criteria could be used to determine the terms of the final settlement?
6. What ethical issues might arise during the negotiations, and how might you deal with them?

Case Study 6.3: The #MeToo Movement: Taking Sexual Harassment Seriously

Sexual abuse allegations against Hollywood producer Harvey Weinstein focused international attention on the sexual harassment of women in the workplace. Following media reports on Weinstein's decades-long pattern of sexual abuse, actress Alyssa Milano encouraged women to use the hashtag #MeToo on Twitter. "If all the women who have ever been sexually harassed or assaulted wrote 'Me Too,' as a status," said Milano, "then we give people a sense of the magnitude of the problem."[1] The phrase "Me Too" was introduced earlier by activist Tarana Burke to empower women, particularly the young and marginalized, by demonstrating how many had survived sexual harassment in the workplace.

The #MeToo (or Me Too) movement quickly took off. Celebrities Gwyneth Paltrow, Ashley Judd, and Uma Thurman posted responses, and millions started using the phrase "Me Too" in the United States and abroad. A number of prominent men lost their jobs after being accused of sexual misconduct, including *Today* show anchor Matt Lauer, television host Charlie Rose, Senator Al Franken, chef Mario Batali, comedian Louis C.K., singer R. Kelly, and football star Marshall Faulk.

Prior to #MeToo, sexual harassment on the job often went unpunished, with employers ignoring the complaints of victims because they "simply did not accept that a woman coming forward to accuse a man could be telling the truth."[2] Many organizations excused the misbehavior of victimizers and rewarded and promoted them instead. Powerful men like Harvey Weinstein used nondisclosure agreements (NDAs) to hide their abuse and to continue to offend. Under these settlements, women received payouts if they agreed to keep quiet. One of Weinstein's former assistants, Zelda Perkins, signed such an agreement that kept her from even telling other family members that the producer had repeatedly exposed himself to her.

Now, thanks to #MeToo, complaints of victims are taken more seriously; the movement has raised awareness of the magnitude of the problem as Milano had hoped. Based on this recognition, a number of reforms have been introduced. States, beginning with California, New York, and New Jersey, are starting to ban NDAs involving sexual harassment. States are also expanding sexual harassment protections to cover contract employees and those working for firms with fewer than 15 workers. Many of these workers, such as housekeepers, maids, and farm laborers, are women of color making low wages. Previously, they had no legal recourse if harassed. Congressional representatives are pushing for similar federal legislation. Other reforms include providing more money to fund harassment lawsuits, offering larger financial payouts to survivors, and guaranteeing the minimum wage for restaurant employees so they don't have to fear losing a tip if they try to stop bad behavior. In Europe, the EU federation's parliament convened

a session on sexual violence, and France outlawed catcalling and other forms of public harassment.

The #MeToo movement has generated backlash. Surveys reveal that men are increasingly reluctant to hire attractive women, to hire women for jobs involving close interpersonal contact (i.e., travel), and to interact one-on-one with female coworkers. This means that women are being excluded from certain jobs and finding it harder to do their jobs—meeting with clients, for instance, or teaming up for sales calls. Male leaders are less likely to mentor female protégés, which is critical to their career advancement since men occupy most executive positions. Some fear that women will ruin the careers of innocent men by bringing false allegations (even though the percentage of false claims is very small). Female critics note that some male perpetrators are even claiming to be victims. Nevertheless, despite the backlash, the #MeToo movement has changed the cultural landscape. "In every walk of culture, it seems, #MeToo has made us question: How did we ever think this was O.K.?"[3]

Discussion Probes

1. Have you noticed any changes in attitudes about sexual harassment and discrimination at your workplace and school due to the #MeToo movement?
2. Should nondisclosure agreements surrounding sexual abuse be banned? Can you think of any disadvantages to doing so?
3. What additional reforms would help protect women from sexual harassment and punish offenders?
4. Has the #MeToo movement gone too far? How can organizations prevent men from pulling away from women?
5. Will the #MeToo movement have a lasting impact on society and the workplace, or will its influence fade in a few years?

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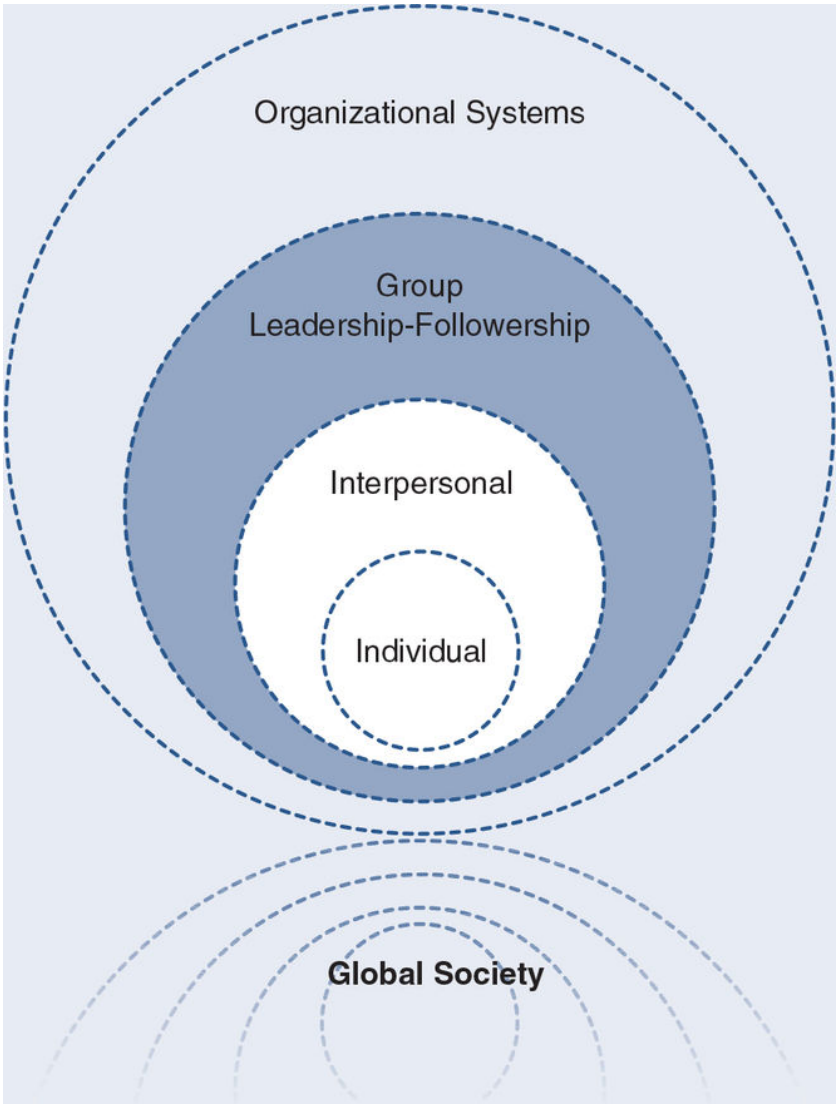
3. Ibid.

PART THREE PRACTICING LEADERSHIP, FOLLOWERSHIP, AND GROUP ETHICS



Description

Descriptions of Images and Figures

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Starting from the innermost layer of the onion chart and moving outward, the levels of organizational ethics are listed as follows:

- Individual
- Interpersonal
- Group Leadership-Followership
- Organizational Systems

Individual and Interpersonal are shaded in light colors and Group Leadership-Followership is shaded in a dark color.

A mirror image of the chart is labeled "Global Society." In the mirror image, the Individual level is completely visible and the boundaries of the remaining levels are partially visible.

CHAPTER 7 LEADERSHIP AND FOLLOWERSHIP ETHICS

Learning Objectives

- Contrast the ethical challenges of leadership and followership.
- Develop strategies for avoiding bad, toxic, and selfish leadership.
- Summarize the components of the normative leadership theories.
- Defend the importance of taking a proactive approach to followership.
- Explain the relationship between toxic leadership and toxic followership.
- Define the types of follower courage.
- Analyze the role of strategic and ethical reasoning in whistleblowing.

Chapter Preview

Ethical Leadership

- The Ethical Challenges of Leadership
- The Shadow Side of Leadership
- Stepping Out of the Shadows: Normative Leadership Theories

Ethical Followership

- The Ethical Challenges of Followership
- Meeting the Moral Demands of Followership: Principles and Strategies
- Chapter Takeaways
- Application Projects

Leaders are critical to the ethical performance of any organization. They are largely responsible for determining mission and values, developing structure, and creating ethical climates. As a consequence, leaders deserve a good deal of credit for ethical success and a good deal of the blame when groups fall short. That's why names of prominent leaders are linked to well-publicized ethical successes (former Starbucks CEO Howard Schultz and Patagonia CEO Yvon Chouinard, Southwest Airlines president emeritus Colleen Barrett, The Container Store founder Kip Tindell, Special Olympics

founder Eunice Shriver) and failures (Juul CEO Kevin Burns, Fox News CEO Roger Ailes, Theranos CEO Elizabeth Holmes, Nissan CEO Carlos Ghosn).

While leaders largely determine the ethical direction of organizations, this does not excuse followers from their moral responsibilities. Followers have a choice whether or not to follow a particular leader, to maintain the status quo or to work for change, to obey commands or to object, and to draw attention to wrongdoing or to keep silent. More attention is shifting to followership ethics as the power and influence of followers appears to be increasing.[1] Consider, for example, how citizen protests forced the resignations of Bolivian president Evo Morales and the Iraqi and Algerian prime ministers. In the United States, the standing of leaders has weakened as organizations adopt flattened hierarchies and move away from traditional command and control structures. More employees are actively resisting company policies. (Case Study 7.1 describes worker protests in the tech industry.) As you can see, both leaders and followers are important. With that in mind, we'll examine the ethical duties associated with being a leader and a follower. We'll survey the challenges faced by both and then consider principles, theories, and strategies we can use to master these obstacles.

ETHICAL LEADERSHIP

The Ethical Challenges of Leadership

Leadership is the exercise of influence in a group context.[2] Leaders engage in furthering the needs, wants, and objectives shared by leaders and followers alike. Because leadership is exercised in the group setting in pursuit of common goals, leaders and followers function collaboratively. They are relational partners who play complementary roles. Leaders take more responsibility for the overall direction of the group; followers are more involved in implementing plans and doing the work itself. While leaders and followers work together, they face different sets of ethical demands based on the roles they play.

Leaders, by virtue of the fact that they exert greater influence and have broader responsibility for organizational outcomes, face six principal ethical challenges: power, privilege, responsibility, information management, consistency, and loyalty. These challenges are described in this section.

The Challenge of Power

I talked at length about power and influence in Chapter 5. However, it is worth noting that power is of greater concern to leaders because (1) they generally have more of it, and (2) power is the tool or currency that leaders use to exercise influence over the direction of the group. All too often leaders abuse power. Ninety percent of those who responded to one survey reported that they had experienced disrespect from a boss at some point in their careers.

Fifty-four percent of employees in another survey claimed they didn't regularly get respect from their leaders.[3] Leaders are particularly prone to engage in bullying behavior—see Chapter 6. Bully bosses feel the strong urge to put others down in order to feel good about themselves. Angry and bitter, they frequently threaten and lash out, particularly when they feel threatened, which is much of the time. Engaging in hostile, denigrating, verbal personal attacks is one of their favorite tactics.[4]

Concentration of power, which tends to corrupt power holders, is also an issue. Media giant Viacom's former CEO Sumner Redstone (who was still in office in his 90s) knew firsthand the seductive nature of power. He reportedly advised Disney CEO Michael Eisner (who was later removed from his post) to hang on to his job despite the efforts of stockholders who opposed him. Redstone told Eisner, "Once you've had this kind of power, Michael, let's face it, nobody wants to give it up."[5] (Turn to Case Study 7.2 for a closer look at how power contributed to the corruption of a prominent leader and those around him.)

The Challenge of Privilege

Power and privilege generally operate in tandem. The more power leaders have, generally the greater the privileges they enjoy. Evidence of this fact can be found in the wide gulf between the pay of top executives and that of the average worker. The gap between the median pay of large-company CEOs and the median pay of workers continues to rise with top bosses earning 278 times more than their employees. Tesla's Elon Musk took home $513 million in compensation despite the fact that his company posted a $1 billion loss. Brendan Kennedy, CEO and president of Tilray, a cannabis producer, earned $256 million, and Disney CEO Bob Iger received $146 million. The enormous chasm between the haves and the have-nots extends well beyond organizational boundaries. The U.S.

Federal Reserve Board reports that the top 1% of Americans own 32% of the country's wealth; 10% of the population controls 70% of the nation's total net worth. The gap between the richest and poorest Americans is much larger than it was a few decades ago. Economic inequality in the United States is now greater than in Europe and in a number of Latin American countries.[6]

Leaders probably deserve higher salaries and more benefits because they shoulder greater responsibility for the success or failure of the organization as a whole. At the same time, it is clear that far too many leaders get more than they deserve. We must answer such questions as these: How much should top managers be paid? How many additional privileges should they enjoy? What should be the relative difference in pay and benefits between employees and supervisors? What can be done to narrow the current gap in wages and benefits between the top and bottom organizational layers?

The Challenge of Responsibility

Leaders are accountable for the entire group (a sports franchise, a nonprofit, a public relations agency), while followers are largely responsible for their own actions. Determining the extent of a leader's responsibility is difficult, however. That becomes evident when ethical standards are violated. Should growers be held responsible for unwittingly using undocumented workers to harvest their crops? Can we hold the editor of a newspaper responsible for reporters who plagiarize stories? What should be the penalty for military officers if they sanction prisoner abuse? Should they receive the same sentences as the soldiers who followed their orders, or harsher ones? How do we respond to business and nonprofit managers who fail to follow the codes of ethics they write for their employees?

Answers to these questions can vary depending on the particular situation. Nevertheless, there are some general expectations of leaders. If we hope to be considered responsible leaders, we must take the following steps:

- Admit our duties to followers
- Take reasonable steps to prevent crimes and other follower abuses
- Acknowledge and try to correct ethical problems
- Take responsibility for the consequences of our orders and actions
- Hold ourselves to the same standards as our followers

The Challenge of Information Management

Leaders generally have access to more information than do followers. They network with other managers, participate in task forces, keep personnel files, receive financial data, get advance notice of new programs, and so forth. Being "in the know" is a mixed blessing. Leaders need lots of data to carry out their tasks. Yet possessing knowledge raises some sticky ethical dilemmas. The most obvious is deciding whether to tell the truth or to conceal it. Leaders must also determine whether to reveal that they have important information, when to release that information, and to whom. Let's say, for example, you are a manager who gets early notice of increases in employee health insurance costs. You are asked to keep this knowledge to yourself until the official announcement is made. In the meantime, your subordinates are angered by rumors that health coverage is going to be cut altogether. Do you let it slip that you know what will happen? Do you immediately try to squelch the

rumors, or do you maintain your silence? Finally, how information is gathered is yet another concern. For example, leaders of virtual teams must be careful about how they monitor the online behavior of group members.

You can use the following behaviors as signs that you or your leaders are failing to meet the ethical challenge of information management:

- Lying, particularly for selfish ends
- Using information solely for personal benefit
- Denying having knowledge that is in one's possession
- Gathering data in a way that violates privacy rights
- Withholding information that followers legitimately need
- Sharing information with the wrong people
- Releasing information at the wrong time (too early or too late)
- Putting followers in moral binds by insisting that they withhold information that others have a right to know

The Challenge of Consistency

In an ideal world, leaders would treat all followers equally, and all followers would respond in an identical fashion. This is not the case, of course. All too often, leaders act inconsistently, giving more favorable treatment—extra pay and time off, special attention, longer deadlines—to their friends and their favorite subordinates. Followers react to leaders in a variety of ways because of diverse backgrounds,

skill levels, and personalities. Those from individualist cultures respond well to personal rewards, while members of collectivist cultures (where group unity is prized) do not. Some followers are better at their tasks than others. In addition, tactics that motivate certain individuals will backfire on others. Wise coaches, for instance, know that there are some players who work harder when yelled at in practice and others who get discouraged. The latter group responds better when quietly taken aside for private instruction.

Obviously, a one-size-fits-all approach to managing followers doesn't work. Throw in the fact that rules may have to bend to fit changing circumstances like weather emergencies and epidemics, and you can see why consistency puts ethical demands on leaders. They have to determine (1) how to adapt to individual needs while acting justly, (2) when to bend the rules and for whom, (3) how to adjust to the reality that some followers are going to be more competent than others, and (4) how to be fair to those who aren't as close to them.

Some degree of inconsistency appears inevitable, but leaders generate resentments when they seem to act arbitrarily and unfairly. Consistent leaders respond to the individual preferences of each constituent while supporting the principle that all followers deserve the same level of respect and attention. They go out of their way to treat "fringe" subordinates—those who are less skilled, less committed, and less connected—justly and compassionately, providing equal access to promotions and other benefits. Also, they try to be evenhanded in their dealings with outsiders, treating opponents as well as friends with respect.

The Challenge of Loyalty

Leaders have to balance a variety of loyalties, weighing their commitments to employees, suppliers, families, investors, their

professions, the larger society, and the environment. Model leaders put the needs of the larger community ahead of selfish interests. They reject decisions that benefit them and their organizations at the expense of such outside constituencies as consumers, neighborhoods, local governments, and fellow professionals. They also face the challenge of honoring the loyalty that followers and others place in them. Followers trust leaders to act in their best interests, and the public trusts leaders to act as responsible members of the community. Many organizational leaders fail to live up to this challenge. Release of the Panama Papers revealed that wealthy leaders were betraying public trust by hiding assets in offshore accounts, allowing them to evade taxes in their home countries. Pharmaceutical company executives are accused of putting loyalty to investors above loyalty to patients. Decisions to raise the price of medications are largely based on keeping earnings and stock prices high. Ill patients, many on fixed incomes, end up paying much more for the drugs they need to survive.

The Shadow Side of Leadership

As we've seen, failure to meet the ethical challenges of the leadership role can lead to a variety of misbehaviors—abuse of power and privilege, irresponsibility, deception, invasion of privacy, injustice, and misplaced and broken loyalties. Recognizing the dark or "shadow" side of leadership can help us become more ethical leaders.[7] By understanding the nature and origins of destructive leadership, we are less likely to cast shadows ourselves. In this section, we'll examine three perspectives on the negative face of leadership.

Bad Leadership

Harvard political scientist Barbara Kellerman is critical of the positive bias of most leadership research and training. To scholars and laypeople alike, leadership has a positive connotation. After all, we wouldn't take leadership classes and attend leadership workshops if we thought that to be a leader was undesirable! Kellerman believes that limiting our idea of leadership solely to good leadership ignores the reality that a great many leaders engage in destructive behaviors.[8] Until we acknowledge that reality, our attempts to become better leaders are likely to fall short. "I take it as a given that we promote good leadership not by ignoring bad leadership," Kellerman says, "nor by presuming that it is immutable, but rather by attacking it as we would a disease that is always pernicious and sometimes deadly."[9]

According to Kellerman, bad leaders can be ineffective, unethical, or both ineffective and unethical. She identifies seven types of bad leaders:

Incompetent leaders. These leaders don't have the motivation or ability to sustain effective action. They may lack emotional or academic intelligence, for example, or may be careless, distracted, or sloppy. Some can't function under stress, and their communication and decisions suffer as a result. Federal Emergency Management Agency administrator Brock Long has been blamed for his agency's slow response to Hurricane Maria. Puerto Rico's recovery has lagged far behind similar hurricane recovery efforts on the U.S. mainland. WeWork's CEO Adam Neumann stepped aside after a failed attempt to take his firm public. Security filings revealed that the firm lost over $1.6 billion in 2018. (Neumann also charged his company $6 million for the trademark "We" but later returned the money.)

Rigid leaders. Rigid leaders may be competent, but they are unyielding and cannot accept new ideas, new information, or changing conditions. Prominent climate deniers refuse to accept that human activity is warming the planet despite overwhelming scientific evidence that this is the case. A number of government leaders proved inflexible during the coronavirus outbreak. They were slow to take steps to stop the spread of the virus even as infection rates spiked.

Intemperate leaders. Intemperate leaders lack self-control and are enabled by followers who don't want to intervene or can't. Former congressman Anthony Weiner blamed his "destructive impulses" for ending his political career and marriage. He sent sexually explicit pictures to women and then to a 15-year-old girl, which led to a guilty plea on a federal obscenity charge. Uber founder Travis Kalanick earned a reputation for being aggressive and combative, at one point caught on video berating an Uber driver. He glorified drinking and tolerated sexual harassment. He sent out rules for a company party that covered sex between employees (okay if consensual between one or more partners and outside the chain of command), drug use, and drinking (no throwing kegs off of buildings).

Callous leaders. The callous leader is uncaring or unkind, ignoring or downplaying the needs, wants, and wishes of followers. Imprisoned drug executive Martin Shkreli raised the price of Darapram, a drug used to treat AIDS and cancer, by 5,000%, defending the move by claiming that the medication was "woefully underpriced." BP oil executive Tony Hayward appeared callous during the Gulf oil spill. Several weeks into the crisis, he complained that he "wanted his life back," a comment that came across as extremely insensitive to the families of the victims who had died in the oil rig explosion that triggered the spill. Later, he took time off to participate in a yacht race with his son.

Corrupt leaders. These leaders and at least some of their followers lie, cheat, and steal. They put self-interest ahead of public interest. National Rifle Association president Wayne LaPierre allegedly spent $39,000 of the organization's money for clothing on a one-day, one-store shopping spree, as well as hundreds of thousands on travel and homes. This spending occurred at the same time the organization froze the pensions of employees. The Cassity family, owners of National Prearranged Services, bilked millions from lower- and middle-class policy holders who paid in advance for funerals. The money, which was supposed to be held in trust, went instead to maintaining a lavish lifestyle, including homes in St. Louis and on Martha's Vineyard, and to propping up the business.

Insular leaders. The insular leader draws a clear boundary between the welfare of the immediate group or organization and that of outsiders. Chinese officials have insulated themselves from those fleeing repression and starvation in North Korea, sending them back to face torture and imprisonment. Myanmar leader Aung San Suu Kyi defends her nation's treatment of its Muslim Rohingya minority, considered a case of genocide by the United Nations. A million Rohingyas have been forced to flee to neighboring Bangladesh following looting, gang rapes, arson, and murders carried out by the military.

Evil leaders. Evil leaders commit atrocities, using their power to inflict severe physical or psychological harm. Boko Haram commanders kidnapped Nigerian school girls in order to sell them into slavery or to force them into marrying the group's fighters. Recently ousted Sudanese leader Omar al-Bashir is accused of genocide, oppression, and human rights abuses during his 30-year rule.

Kellerman makes several suggestions to leaders who want to be both effective and ethical:

1. *Limit your tenure*. If we stay in power too long, we are more likely to become complacent, overreach, lose touch with reality, and lose touch with our moral foundation.
2. *Share power*. Centralized power is more likely to be abused. Delegate and collaborate instead.
3. *Don't believe your own hype*. Far too many leaders begin to believe press accounts of their greatness. They forget that they are fallible human beings.
4. *Get real and stay real*. Bad leaders block out reality, ignoring corruption in their organizations as well as their addictions, self-destructive behaviors, and crimes.
5. *Compensate for your weaknesses*. Recognize your limitations, and surround yourself with followers and other leaders who can help you compensate for these deficiencies.
6. *Stay balanced*. Avoid becoming a workaholic. Spend time with family and friends.
7. *Remember the mission*. Put the mission of the organization—particularly if it is focused on serving others—above your own desires.
8. *Stay healthy*. Take care of your physical and mental health, and seek professional counsel when needed.
9. *Develop a personal support system*. Don't drive off friends, family, and associates who will always tell you the truth.
10. *Be creative*. Don't get stuck in the past, but think of new options for solving problems.

11. *Know and control your appetites*. Don't let your hunger for power, money, success, or sex take over your life.
12. *Be reflective*. Take time for self-refection. Get to know yourself, and develop self-control and good habits.

Toxic Leadership

A number of investigators use the term *toxic* when addressing the shadow side of leadership. Toxic leaders engage in a pattern of destructive behaviors and demonstrate dysfunctional characteristics over time. These behaviors and qualities outlined in Ethical Checkpoint 7.1 cause significant harm to groups, organizations, and societies. Toxic leaders appear in every segment of society and in every region of the globe. Examples of toxic corporate leaders include "Chainsaw" Al Dunlap, former CEO of Sunbeam, who ruthlessly eliminated costs and personnel, and Hollywood producer Harvey Weinstein, who, in addition to being a sexual harasser, subjected employees to daily tirades. Toxic religious leaders include priests who abused children and the bishops who protected them. Toxic sports leaders include Rutgers basketball coach Mike Price, who was fired for kicking players and shouting obscenities and homophobic slurs, and former Nike track coach Alberto Salazar, who fat-shamed female runners he claimed were overweight.

Ethical Checkpoint 7.1

Toxic Leadership Attributes

A survey of over 700 managers in India revealed the following behaviors and characteristics of toxic leaders. They are listed in order from most common to least common.

Arrogant

Blames others

Self-opinionated and closed-minded

Creates insecurity among people

Manipulative and plays favorites

Unreliable and untrustworthy

Abusive

Ill-tempered

Power hungry

Hypocritical

Plays "divide and rule"

Dishonest and lacks integrity

Insensitive to feelings

Takes credit for others' work

Publicly ridicules others

Narcissistic

Corrupt

Rude

Demeans others

Shares sensitive and personal information about others

Source: Singh, P., Bhandarker, A., Snigdha, R. (2015). *The leadership odyssey: From darkness to light*. SAGE.

As leaders, we need to recognize any early signs of toxicity in ourselves. Ask yourself the following questions to determine if you are engaging in destructive behaviors and demonstrating dysfunctional qualities.[10]

- Do I inflict harm on my enemies or competitors first and then on others in the organization?
- Do I demonstrate disdain for others?
- Have I changed my lifestyle and circle of friends, avoiding my old acquaintances and colleagues?
- Do I keep my own counsel or take advice from just a few others in my inner circle?
- Do I use others to do my dirty work and then get rid of them?

- Have I begun to mistreat the lowest or weakest members of the group?
- Have I begun to engage in excess (lavish spending and lifestyle)?
- Have I become evasive, denying accountability for results?
- Do I blame others for my decisions and actions?
- Am I acting in my self-interest instead of the organization's interest?
- Do I attempt to disguise unethical behavior as noble and altruistic?

Selfish Leadership

Concern for others is essential for ethical leadership, since leaders exercise influence on behalf of others. Unfortunately, leadership roles, which call for selfless behavior, like understanding and meeting the needs of followers, taking personal risks, and self-sacrifice, are also highly attractive to selfish individuals who focus on their own needs instead.[11] Using their positions for personal gain, they steal, lie, bully, break promises, and so on. Selfish leaders can be classified as impulsive, narcissistic, or Machiavellian.

Impulsive people are more likely to seek powerful positions and to be identified as leaders by others. They are often extroverts who come across as charismatic and energetic. Once in power, impulsive individuals are free to fill their selfish desires. They consume more of the group's resources, are more likely to engage in sexual aggression, and frequently violate social norms. Selfish leaders justify their actions by narrowly defining morality. They put more emphasis on individual rights and freedoms than on obligations and

duties to others. They want to allocate resources based on contributions (which favors them) rather than according to needs (which favors less powerful individuals). Typically they fail to take into consideration other points of view when deciding on ethical issues. Sadly, organizational environments can reinforce the selfish tendencies of leaders. Powerful leaders often silence the criticisms of followers. Unchallenged, they are able to exert even more control over subordinates. Over time, low-power individuals adjust their emotions and attitudes to match those of powerful people.

Narcissism, like impulsiveness, is common among leaders.[12] The word *narcissism* has its origins in an ancient Greek fable. In this tale, Narcissus falls in love with the image of himself he sees reflected in a pond. Like their ancient namesake, modern-day narcissists are self-absorbed and think highly of themselves. They are attracted to leadership roles because they like to be the center of attention. They are often named to leadership positions because they are socially skilled; they make a positive first impression because they come across as bold and self-confident. Once in power, they are effective at holding on to their authority, which they believe they deserve. Narcissistic leaders engage in a wide range of unethical behaviors. They claim special privileges, demand admiration and obedience, dismiss negative feedback, respond defensively and aggressively if their egos are threatened, abuse power for their personal ends, ignore the welfare of others, and exercise an autocratic leadership style. Their unrealistic visions and expectations put the organization at risk. For example, some retiring CEOs want to "go out with a bang," so they involve their firms in mergers and acquisitions that may undermine the long-term health of their firms.[13] (Ethical Checkpoint 7.2 introduces an additional motivation that contributes to leader overreach.)

Machiavellianism is a third manifestation of self-centered leadership. Psychologists Richard Christie and Florence Geis first identified Machiavellianism as a personality factor in 1970. Christie and Geis

named this trait after the Italian philosopher Niccolò Machiavelli, who argued in *The Prince* that political leaders should maintain a virtuous public image but use whatever means necessary—ethical or unethical—to achieve their ends.[14] Highly Machiavellian individuals are skilled at manipulating others for their own ends. As a result, they are more likely to end up in leadership roles. They have a better grasp of their abilities and of reality than narcissists, but like their narcissistic colleagues, they engage in lots of self-promotion and are emotionally cold and prone to aggressive behavior.

Machiavellian leaders often engage in deception because they want to generate positive impressions while they get their way. They may pretend to be concerned for others, for example, or assist in a project solely because they want to get in good with the boss. Machiavellians generally enjoy a good deal of personal success—organizational advancement, higher salaries—because they are so skilled at manipulation and at disguising their true intentions. Nonetheless, Machiavellian leaders put their groups in danger. They may be less qualified to lead than others who are not as skilled in impression management. They are more likely to engage in unethical practices that put the organization at risk because they want to succeed at any cost. If followers suspect that their supervisors are manipulating them, they are less trusting and cooperative, which can make the organization less productive.[15]

Combating selfishness is an important ethical responsibility. To start, we need to look for selfish tendencies in ourselves, asking why we want to take leadership roles and exercise power. We need to determine if we are overestimating our abilities, demanding admiration and obedience, dismissing negative feedback, manipulating followers for our own purposes, and so on. We also need to keep selfish individuals from assuming leadership roles.[16] Impulsive individuals, narcissists, and Machiavellians all have excellent self-presentation skills, so we need to be careful not to be taken in by initial impressions. Employ objective criteria when

making hiring and promotion decisions (see our discussion of impression management in Chapter 5). Look for predictors of failure in previous positions, like changing jobs frequently. Ask questions that may reveal selfish tendencies, such as blaming others for previous failures and claiming all the credit for success. Use personality instruments to identify narcissistic and Machiavellian personality traits. (You may also want to complete these instruments yourself to determine if you have these characteristics.)

We can curb the selfish tendencies of current leaders—in others or in ourselves—by building in checks and balances on the use of power and by making leaders accountable for their actions. Performance reviews should be designed to reveal potential trouble spots like employee mistreatment and defensiveness. Those working for selfish leaders should carefully document abuses and form coalitions with others to confront them. Encourage employee development and succession planning. (Self-centered leaders are not likely to want to develop or promote others, because they are threatened by competent coworkers and fear the loss of power.) Create a culture that emphasizes honesty and collaboration over competition and self-promotion.

Ethical Checkpoint 7.2

Hubris: The Dangers of Flying Too Close to the Sun

Excessive pride is another manifestation of selfish leadership. The ancient Greeks used the term *hubris* to describe overbearing pride, pride that defied the gods who then punished the arrogant. They used the myth of Icarus to demonstrate the risks of hubris. Icarus and his father Daedalus were exiled to the isle of Crete. To escape, Daedalus fashioned wings out of feathers for himself and his son. Before they took off, Daedalus warned Icarus to fly neither too low nor too high. Observers on the ground, seeing the duo soaring above, believed them to be gods. Intoxicated by his godlike status, Icarus flew too close to the sun, melting the wax holding his wings together. He crashed to his death in the sea.

Modern psychologists and management researchers treat hubris (the *hubris syndrome*) as an acquired personality disorder. Hubris incorporates narcissism but only emerges when individuals move into high-power positions. Modern examples of those suffering from this syndrome include former U.S. president George W. Bush and former British prime minister Tony Blair. Both ignored or overrode the advice of advisors and decided to invade Iraq in 2002. They were convinced that they were doing God's work and trusted their intuition. Bush declared that the mission was accomplished shortly thereafter, but the war dragged on, at last count costing $1.7 trillion and resulting in the deaths of

134,000 civilians. French utility CEO Jean-Marie Messier acted as a modern-day business Napoleon, going on a $100 billion corporate buying spree to create a media empire that included Universal entertainment. Vivendi Universal's stock price collapsed when the firm posted billions in losses. Like Icarus, all three men crashed to earth. Bush left office with an abysmal approval rating, and Blair was ousted by members of Parliament. An inquiry into the Iraq invasion blasted Blair for rushing to war and overselling the danger posed by Saddam Hussein. Messier was forced to resign and was convicted of misusing company funds.

Hubristic leaders demonstrate the following:

1. *Grandiose sense of self:* use a grandiose communication style filled with use of the royal "we" ("*we* will take charge of the situation"), as well as superlatives (*perfect*, *tremendous*, *outstanding*); express extreme ambition
2. *Overestimate their own abilities, power, and chances of success:* take on unrealistic projects and make poor decisions
3. *Consider themselves uniquely and eternally qualified to run the company, government, or other organization:* entrench self through accumulating power; refuse to resign
4. *Consider themselves above the community of humans:* manage by fear, violence, and intimidation; refuse advice and criticism
5. *Consider themselves above the law or the gods:* engage in fraud; manipulate the rules; demonstrate contempt toward authorities

Overconfident political leaders put their nations in danger; hubristic business leaders put their companies in danger. Investigators report that corporate leaders suffering from the hubris syndrome ignore the ethical dimension of decisions,

pay too much for acquisitions, overdiversify, fail to develop a coherent strategy, underestimate risk, take on too much debt, steal, overestimate the chances that mergers will succeed, make risky investments, and don't adjust to changing market conditions.

Not all leaders fall victim to hubris, of course. But they are more likely to develop this personality disorder if they have been in power for an extended period of time, have enjoyed a track record of success, and have been praised by the press and the public. Both leaders and their organizations can take steps to prevent hubris. Top executives need to take responsibility for organizational failures as well as for successes, model behavior that serves the organization's best interest, listen to criticism, and appoint an alter ego—someone who can tell them they are wrong. Boards need to monitor signs of executive hubris and exert their authority, reigning in the ambitions of corporate and nonprofit CEOs and ensuring that executives follow the same guidelines as other employees. Term limits can prevent politicians from accumulating too much power, and effective cabinets can serve as a brake on the ambitions of top government officials.

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Stepping Out of the Shadows: Normative Leadership Theories

Normative leadership theories tell leaders how to act. They are designed to help us manage our ethical duties when we take on leadership roles and can help us avoid the shadow side of leadership. Each encourages selfless behavior—to focus on the needs of followers, avoid manipulative behaviors, and so on. Three normative theories, in particular, have drawn widespread attention from leadership scholars and practitioners: ethical leadership, servant leadership, and authentic leadership.

Ethical Leadership

Ethical leadership theory emerged out of a systematic attempt by social scientists to identify the characteristics of ethical leaders and to determine how these leaders influence the behavior of their followers and organizations. Professors Michael Brown and Linda Trevino asked ethics officers and top executives to describe the ethical leaders they knew. They discovered that ethical leaders act as both *moral persons* and *moral managers*.[17] As moral persons, ethical leaders demonstrate high character. However, character alone is not enough to earn an ethical reputation since employees don't always have direct contact with top leaders. Ethical executives must also act as moral managers by actively promoting ethical behavior throughout the organization. Based on these two components, Trevino and Brown offer this definition of ethical leadership: "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making."[18]

Ethical leaders influence followers through social learning. Social learning theory is based on the premise that people learn by observing and then emulating the values, attitudes, and behaviors of people they find legitimate, attractive, and credible. When it comes to ethics, followers look to their leaders as role models and act accordingly. Leaders are generally seen as legitimate, credible, and attractive because they occupy positions of authority with power and status. Ethical leaders build on this foundation. They increase their legitimacy by treating employees fairly and with respect. They boost their attractiveness by expressing care and concern for followers. They enhance their credibility—particularly perceptions of their trustworthiness—by living up to the values they espouse. Such leaders are open and honest and set clear, high standards that they follow themselves.

Moral leaders make sure that ethics messages aren't drowned out by other messages about tasks and profits. They focus attention on ethics through frequent communication about values, mission, corporate standards, and the importance of ethical behavior. They reinforce follower learning by using rewards and punishments to regulate behavior, which makes it clear which actions are acceptable and which are not.

Brown and Trevino, along with David Harrison, developed the Ethical Leadership Scale found in Self-Assessment 7.1 to measure the moral person and moral manager dimensions of ethical leadership. Using this questionnaire, researchers quickly discovered that ethical leadership generates a number of positive outcomes in both Western and non-Western cultures.[19] Those working for ethical leaders are more satisfied and are more committed to their organizations and their managers. They put more effort into their jobs, are more productive, and are more willing to report problems to management. At the same time, they are less likely to engage in theft, sabotage, cheating, demeaning remarks, and other deviant behaviors. The positive impact of ethical leadership extends to the organization as a whole, enhancing trust levels and encouraging socially responsible

behavior and innovation. The result is improved organizational performance. These findings make the "business case" for ethical leadership, demonstrating that ethical behavior is often more profitable. Ethical leaders appear to be more, not less, effective than their immoral counterparts.

To see the benefits of acting as an ethical leader, you'll need to set an example and shape your organization's culture. Serve as an ethical role model for followers who will observe and imitate your behavior. Hold to high personal moral standards, demonstrate concern for others, and treat subordinates justly and with respect. Also ensure that your followers, particularly more distant ones, know that you care (aren't just neutral) about ethics. Otherwise, they will continue to focus on financial and other results without concern for moral behavior. Consistently communicate about the importance of ethics and values, create a code of ethics, provide ethics training, and so on. Reinforce ethical messages by rewarding ethical behavior while quickly punishing those who engage in sexual harassment, theft, deception, and corruption. (We'll take a closer look at creating an ethical organizational climate in Chapter 9.)

Self-Assessment 7.1: Ethical Leadership Scale

Instructions: In responding to the following items, think about your CEO (top leader) at work. Indicate your level of agreement with the statements by selecting your responses on the following scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Neutral*; 4 = *Agree*; 5 = *Strongly agree*.

My organization's CEO (top leader) …

1. listens to what employees have to say.	1	2	3	4	5
2. disciplines employees who violate ethical standards.	1	2	3	4	5
3. conducts their personal life in an ethical manner.	1	2	3	4	5
4. has the best interests of employees in mind.	1	2	3	4	5
5. makes fair and balanced decisions.	1	2	3	4	5
6. can be trusted.	1	2	3	4	5

7. discusses business ethics or values with employees.	1	2	3	4	5
8. sets an example of how to do things the right way in terms of ethics.	1	2	3	4	5
9. defines success not just by results but also by the way that they are obtained.	1	2	3	4	5
10. asks “What is the right thing to do?” when making decisions.	1	2	3	4	5

Scoring

Add up your responses to the 10 items. Total scores can range from 10 to 50. The higher the score, the more ethical you believe your leader to be.

Source: Brownn, M. E., Trevino, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Process, 97*, 117-134. Used by permission

Servant Leadership

The servant leadership model is based on the premise that leaders should put the needs of followers before their own needs. This approach has its roots in both Eastern and Western thought. Taoist philosophers encouraged leaders to act like children and humble valleys instead of mountains.[20] Jesus told his disciples, "Whoever wants to become great among you must be your servant, and whoever wants to be first must be slave of all."[21]

Current interest in leaders as servants can be traced back to management expert Robert Greenleaf. He coined the term *servant leader* to describe those whose primary concern is the growth and development of their followers.[22] Greenleaf later founded a nonprofit organization to promote servant leadership. A number of businesses (TDIndustries, Balfour Beatty Construction, The Container Store, Berrett-Koehler Publishers), nonprofit groups, and community leadership programs have adopted this approach. Other notable

advocates of servant leadership include James Autry, Margaret Wheatley, Max De Pree, and Cheryl Bachelder.

Researchers have discovered that servant leadership has global appeal and is practiced in Ghana, India, Australia, Indonesia, the United States, and elsewhere.[23] While the specific attributes of servant leaders vary among studies, there are some common themes. First, servant leadership is person centered or altruistic. Servant leaders are genuinely concerned about their followers as well as their organizations and communities, reflecting an ethic of care. (Case Study 7.3 introduces a prominent leader who models compassionate servant leadership.) They measure their success based on what happens in the lives of their followers, not on what they themselves have accomplished. Concern for followers, organizational stakeholders, and society comes before concern for self. Putting the needs of others first discourages shadowy behavior. Other-centered leaders are less likely to accumulate power and privilege for themselves, to lie to followers, to take advantage of them, or to act inconsistently or irresponsibly.

Second, servant leadership promotes equity or justice. Servant leaders distribute power by delegating authority to carry out important tasks, sharing information, engaging in collaborative decision making, and encouraging constituents to develop and exercise their talents. (See our discussion of empowerment in Chapter 5.) Servant leaders are also concerned with distributing rewards fairly. When the company as a whole does well, for example, both employees and executives receive bonuses.

Third, servant leadership rests on ethical character. Servant leaders possess such virtues as empathy, integrity, honesty, and wisdom. They set a high moral example for the rest of the organization through their consistent ethical behavior.

Fourth, servant leadership incorporates stewardship. Servant leaders work on behalf of others—employees, shareholders, communities.

They recognize that their positions and organizations are entrusted to them. Practicing servant leadership has a positive influence on followers as well as on collective performance.[24] Subordinates working under servant leaders are more likely to engage in organizational citizenship behaviors, to have a greater sense of self-efficacy, to believe their needs are being met, to report higher job satisfaction, and to say they will stay with their organizations. They also spend more time building relationships with customers and responding to consumer needs. Employees who work for servant leaders believe that they are being treated fairly, which encourages them to work hard.

In sum, putting others first—caring for their needs, promoting justice, acting as stewards—enables us to meet the ethical challenges of leadership while avoiding destructive leadership behaviors. At the same time, our organizations benefit.

Authentic Leadership

Authentic leadership theory (ALT) is an offshoot of positive psychology and positive organizational scholarship. Positive psychologists, as we saw in Chapter 3, believe in developing people's strengths instead of trying to fix their weaknesses; positive organizational scholars try to bring out the collective best in organizations. Fred Luthans, Bruce Avolio, and their colleagues assert that this positive approach is also a more productive way to develop leaders.[25] Traditional development programs address deficiencies in a leader's skills, knowledge, and motivations. Failure and other negative events are seen as critical to leader development. ALT proponents argue, instead, that we ought to build on the strengths of individuals and look for positive moments that foster their growth as leaders.

To Luthans, Avolio, and others, authenticity is the "root construct," or principle, underlying all forms of positive leadership. Authentic leaders know themselves well, and they behave in ways that are consistent with their beliefs. In other words, they "walk their talk." Self-awareness, balanced processing, internalized moral perspective, and relational transparency all play an important role in authentic leadership.[26] *Self-awareness* means being conscious of, and trusting in, motives, desires, feelings, and self-concept. Self-aware people know their strengths and weaknesses, personal traits, and emotional patterns, and they are able to use this knowledge when interacting with others and their environments. *Balanced processing* denotes remaining objective when receiving information. Inauthentic responses involve denying, distorting, or ignoring negative feedback. Authentic leaders accept their blind spots and failings and try to address them. *Internalized moral perspective* refers to regulating behavior according to internal standards and values, not according to what others say. Authentic leaders act in harmony with what they believe and do not change their behavior to please others or to earn rewards or avoid punishment. *Relational transparency* is presenting the authentic self to others, openly expressing true thoughts and feelings appropriate for the situation.

Authentic leadership has a strong moral component.[27] Not only has authenticity been seen as a virtue since ancient Greece and Rome, but ALT theorists define authentic leaders as "those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others' values/moral perspectives, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character."[28] Such leaders acknowledge the ethical responsibilities of their roles, can recognize and evaluate ethical issues, and take moral actions that are thoroughly grounded in their beliefs and values. Proponents of authentic leadership argue that it is impossible to achieve a high level of authenticity without reaching

an advanced level of moral development and holding to high ethical standards.[29]

Critical incidents called *trigger events* play an important role in the development of the moral component of authentic leadership.[30] These events can be positive or negative and promote introspection and reflection. Trigger experiences are often dramatic-facing racial hatred, visiting a third world village. However, authentic leadership theorists posit that, more often than not, these experiences are more mundane—for example, reading an important book, seeing a powerful film, or serving under an authentic leader. Sometimes a series of small events, such as several minor successes or failures, can have a cumulative effect, triggering significant thought. Leaders develop a clearer sense of who they are, including their standards of right and wrong, through these experiences. They build a store of moral knowledge that they can draw on to make better choices when facing future ethical dilemmas.

Authentic leadership produces a number of positive effects in followers, beginning with increased commitment and performance.[31] Followers are also likely to emulate the example of authentic leaders who set a high ethical standard. They feel empowered to make ethical choices on their own without the input of the leader and demonstrate moral courage. They align themselves with the values of the organization and become authentic moral agents themselves. (I'll have more to say about authentic followership in the next section of the chapter.) Leader authenticity fosters feelings of self-efficacy (competence), hope, optimism, and resilience in followers, what positive psychologists refer to as *psychological capital*. Followers who believe in their abilities are more likely to take initiative and to achieve more, even in the face of difficult circumstances. Feelings of hope and optimism foster their willpower. Resiliency enables followers to recover more quickly from setbacks.

Authenticity also pays dividends for leaders. Followers provide feedback that increases the leaders' self-knowledge. They reward authentic leaders by giving them more latitude to make difficult, unpopular choices and by getting more done. (Followers are also more productive because they have to waste less time and energy figuring out what their leaders will do next.) In addition, authentic leaders engender more trust; and trust, in turn, has been linked to higher organizational productivity and performance. Those who work in a trusting environment are more productive because they have high job satisfaction, enjoy better relationships, stay focused on their tasks, feel committed to the group, sacrifice for the greater organizational good, and are willing to go beyond their job descriptions to help out fellow employees.[32]

The benefits of authenticity demonstrate the truth of the familiar adages "Know thyself" and "To thine own self be true." Avolio and Luthans encourage you to look to the past, present, and future in order to build your self-awareness, which, in turn, will promote your development as an authentic leader.[33] First, reflect on your past experiences—both good and bad—to see what you can learn from them, and then develop ways to improve. For example, if you successfully managed a conflict with a roommate, consider what that experience can teach you about handling a conflict at work, and put those insights into practice. Next, actively monitor how you currently think and feel and how your actions influence others. Build your self-confidence or self-efficacy through visualization and by observing positive role models; hold high positive expectations for yourself (employ the Galatea effect; see Chapter 5). Finally, focus on the future, identifying emerging trends that may impact you and your organizations. You are more likely to spot such developments if you read outside of your field of study, attend seminars, and develop social networks. (In Chapter 11 we'll talk more about issues management.)

ETHICAL FOLLOWERSHIP

The Ethical Challenges of Followership

Like leaders, followers face a special set of demands or challenges based on the nature of the role they play. Followers, who have less power and status, are charged with carrying out the work and implementing the directives of leaders. In light of these realities, here are important moral challenges confronted by followers.

The Challenge of Obligation

All followers have obligations to their leaders as well as to the institutions that provide them with paychecks, retirement plans, friendships, prestige, training, fulfilling work, and other benefits. Obligations don't end at the organizational door, however. Followers must frequently fulfill duties to external stakeholders. For instance, government employees "owe" it to taxpayers to use their money wisely by working hard and spending carefully. Members of a law firm owe their clients the best possible representation as well as accurate billing.

Determining minimal responsibilities is easier than deciding how far follower obligations should extend. At the very least, employees shouldn't rip off their employers by showing up late (or not at all), doing nothing, and stealing property. Yet some workers are asked to sacrifice too much for their organizations. Consider the case of technology and consulting firms that demand that employees travel constantly, work nights and weekends, and attend meetings instead of their kids' school events. Giving in to the excessive demands of workaholic organizations generates stress and burnout, endangering

mental health, marriages, and relationships with children. Volunteers must also determine what they owe their leaders and groups. Religious cults are criticized for demanding that followers devote long hours to the cause, turn over their paychecks to leaders, and cut off their connections to families and friends.

Every situation is different, so followers have to determine if they are meeting their ethical obligations or giving too little or too much. However, the following questions can serve as a guide to sorting out the obligations we owe as followers.

- Am I doing all I reasonably can to carry out my tasks and further the mission of my organization? What more could I do?
- Am I earning the salary and benefits I receive?
- Can I fulfill my organizational obligations and, at the same time, maintain a healthy personal life and productive relationships?
- If not, what can I do to bring my work and personal life into balance?

The Challenge of Obedience

Followers must routinely obey orders and directives, even the ones they don't like. Deciding when to disobey is the challenge. There's no doubt that following authority can drive followers to engage in illegal and immoral activities in which they would never participate on their own. This point was driven home in experiments carried out by Stanley Milgram in the 1970s.[34] Students playing the role of teacher were asked to administer shocks to a learner, hidden behind a partition, when the learner answered incorrectly. Subjects continued to ramp up the voltage of the shocks at the request of the experimenter, even though the learner (really an actor who received

no shock at all) expressed more and more discomfort. Two thirds of the students obeyed the experimenter despite the pleas and screams of the learner.

Milgram's findings only confirm what has been repeated time and again in real life. Philippine police who execute drug suspects without trials claim to be following orders, as did members of Rwandan death squads, and Saddam Hussein's torturers. However, following orders is no excuse. This is called the Nuremberg principle.[35] At the Nuremberg war crime trials following World War II, the tribunal rejected claims that atrocities were justified because German defendants were obeying authority. Based on this principle, the U.S. Army punishes those who follow illegal orders.

Every follower has to consider such factors as these: (1) Does this order appear to call for unethical behavior? (2) Would I engage in this course of action if I weren't ordered to? (3) What are the potential consequences for others if these directions are followed? For myself? (4) Does obedience threaten the mission and health of the organization as a whole? (5) What steps should I take if I decide to disobey? (Contemporary Issues in Organizational Ethics 7.1 describes government followers who decide to deliberately disobey their leaders.)

The term *intelligent disobedience* is useful for determining when and how to disobey.[36] The concept comes from guide dog training. Guide dogs for the blind normally follow the orders of their owners. However, they must also know when to disobey commands that would put both the dog and the human in harm's way, such as an order to cross the street when a car is coming. Practicing intelligent disobedience is a four-step process: (1) understand the mission, values, and goals of the group or organization; (2) pause and examine any order that seems inconsistent with the mission, values, and goals; (3) make a conscious choice to comply or to resist the order, providing an alternative when possible; and (4) assume personal accountability for your choice to obey or disobey. When

faced with an unethical order, gather your thoughts. Ask relevant questions while pointing out that the order isn't in the best interest of the leader or the organization. Refuse to participate, and be prepared to accept the consequences. One example of intelligent disobedience was provided by a solider asked to waterboard "high-value" prisoners in Iraq. He believed that this technique—which involves pouring water down the throats of victims who gag and convulse—was a form of torture that violated the rules of the Geneva Convention. He replied, "I will need that order in writing before executing it." He was never asked to waterboard again.

Contemporary Issues in Organizational Ethics 7.1: Guerrilla Bureaucrats

Public administration professor Rosemary O'Leary uses the term *guerrilla government* to describe the activities of career public sector managers who decide to work secretly, behind the scenes, to thwart the wishes of their leaders. Examples of guerrilla bureaucrats include

- Chiune Sugihara, a Japanese diplomat stationed in Nazi Lithuania, who secretly signed 10,000 visas to save Jewish refugees in World War II;
- Mark Felt, deputy director of the FBI, who, under the code name "Deep Throat," provided reporters with information that led to the resignation of President Richard Nixon;
- a state transportation employee, who repaired a train gate near where children were playing despite the objections of his superior "because it was the right thing to do";
- U.S. Forest Service ranger Claude Ferguson, who joined an environmentalist lawsuit against his own agency when it allowed off-road vehicles in the Hoosier National Forest; and
- U.S. Bureau of Reclamation scientist Dave Wegner, who successfully led efforts to protect the Grand Canyon even as his bosses tried to fire him.

Guerrilla actions are often sparked when a political appointee takes over an established agency. Conflicts arise when the new manager who is appointed by a governor, the president, or another official has different values and priorities than the career public servants who run the agency. Environmental Protection Agency (EPA) officials leaked internal memos to the press after President Donald Trump appointed Scott Pruitt to be the agency's director. Before being appointed to this post, Pruitt filed a number of lawsuits against the EPA as Oklahoma's attorney general. EPA employees accused their new leader of trying to undo environmental regulations, discarding the findings of agency scientists, and forbidding employees from talking to outsiders. They believed that he was trying to seriously weaken the EPA with the blessing of the president. Other officials refused to obey orders from President Trump, such as withholding military aid from Ukraine or withdrawing all U.S. citizens from South Korea in the face of threats from North Korea, that they believe to be unwise or unrealistic. We can expect more guerrilla government in the future because governments collect more data that is easy for civil servants and contractors (such as Edward Snowden) to access and disseminate through social media.

Sorting through the ethics of guerrilla government is not easy. Disobedient bureaucrats often appear to be heroes, when they protect children's safety or national security, for instance. Yet, by circumventing the rules, they threaten to undermine their agencies. Guerrilla managers may argue that they are serving the public. But at the same time these officials appear to be thwarting the will of the electorate who, after all, elected the politicians to put new policies in place. Then, too, the determination of what constitutes ethical or unethical guerrilla government depends on who is making this judgment. Some applaud EPA staffers for leaking memos and opposing their boss in order to protect the environment.

Others, who feel hamstrung by EPA regulations, condemn these actions. When it comes to judging government guerrillas, "to some they are brilliant entrepreneurs. To others they are deviant insubordinates."[1]

In light of the difficulty of determining the morality of guerrilla actions, Professor O'Leary says that potential guerrillas should ask themselves the following questions before engaging in silent disobedience.

- Am I correct? More than a sincere belief is needed.
- Is the feared damage immediate, permanent, and irreversible? Are safety and health issues involved? Or is there time for a longer view and a more open strategy?
- Am I adhering to the rule of law?
- Is there a legitimate conflict of laws?
- Is this an area that is purely and legitimately discretionary?
- Were all reasonable alternative avenues pursued?
- Would it be more ethical to promote transparency rather than work clandestinely?
- Would it be more ethical to work with sympathetic legislators before turning to media and outside groups?
- Is whistleblowing a preferable route?

Guerrilla activity will continue, but managers can take advantage of the underlying dissent that triggers such actions

to create healthier agencies. They need to (1) create an organizational culture that encourages questions, dialogue, and debate; (2) listen to hear and then to evaluate the dissent to determine if it is viable; (3) understand the informal organization where dissent often originates; (4) focus on the merits of the message even if it is delivered the wrong way (separate the people from the problem); (5) create multiple channels for expressing dissent (conversations, memos, suggestion boxes); and (6) put boundaries on dissent (decide when the time for dissent is over).

Sources: O'Leary (2009, 2010, 2014, 2017).

Note

1. O'Leary (2014, p. 14).

The Challenge of Cynicism

It's easy for followers to become cynical. They don't have much power, and they are frequently left out of the information loop and important decisions. Often, the choices and actions of their leaders appear arbitrary if not stupid and unethical. Surveys reveal that 43% to 48% of American employees are cynical about their workplaces.[37] Cynicism involves (1) a belief that an organization lacks integrity, (2) negative feelings toward the organization, and (3) critical and disparaging behaviors toward the organization.[38]

Cynicism can be justified when organizations like Wells Fargo and Volkswagen lack integrity. Then, too, cynical employees often have a more realistic perspective on the problems facing their organizations and are more resistant to leaders who want them to engage in unethical behavior. Nevertheless, cynicism acts like acid, reducing commitment levels, destroying trust, lowering job satisfaction, increasing resistance to change, generating negative feelings, and lowering both individual and organizational performance.[39] Few of us give our best effort when we are cynical about the organizations we've committed ourselves to. The more cynical we become, the more energy we put into critiquing and complaining, and the less we devote to the task at hand. Followers must walk a fine line between healthy skepticism, which reflects doubt but is hopeful about long-term success, and unhealthy cynicism. Skepticism prevents employees from being exploited and alerts them to unethical

behavior while cynicism undermines their efforts and those of the group as a whole.[40]

Scholars report that dissatisfied employees choose among four possible responses: exit, loyalty, voice, and neglect.[41] Workers either *exit* (leave) the organization, demonstrate *loyalty* by waiting patiently for things to get better, give *voice* to their concerns, or *neglect* their jobs by spending less time at work and withdrawing from relationships. Cynics generally don't express their concerns or remain loyal (the most constructive options). Instead, they opt to neglect their responsibilities or to leave the organization.

The Challenge of Dissent

Followers frequently take issue with policies, procedures, orders, working conditions, pay, benefits, values, and other factors. They can't make the changes themselves, so they must express their disagreement to those who can. At this point, followers must make a number of strategic decisions. To begin with, they have to determine when to speak up and when to keep silent. There may be several points of contention, but generally followers have to "pick their battles." Raising too many issues may turn leaders off and can label the follower as a whiner. On the other hand, silence can be immoral, as in the case of an engineer who discovers the company is shipping defective airplane parts but decides to keep this information private.

Once the decision to protest has been made, followers must then determine the following:

- How to express dissent (when, what to say, through what channels)

- Whom to contact with their concerns (immediate supervisor, professional supervisor, etc.)
- How to respond if their opinions are rejected
- When to go outside the organization with concerns and complaints

Arizona State University professor Jeffrey Kassing reports that workers employ five strategies to express dissent to their leaders.[42] *Direct-factual appeals* are based on physical evidence, organizational policies and procedures, and personal experience. *Solution presentations* offer ideas for resolving the issue either in addition to or instead of presenting the facts. *Repetition* describes consistent attempts to draw attention to a topic over a period of time. *Circumvention* means taking dissent to someone above an immediate supervisor. *Threatening resignation* is vowing to quit in order to get supervisors and management to respond.

Employees rate direct-factual appeals and solution presentations (prosocial strategies) as most effective, in part because these strategies are less threatening to the image or "face" of leaders. Circumvention and repetition pose more face threat and thus are riskier, frequently damaging the subordinate–supervisor relationship. Threatening resignation is the riskiest tactic, and supervisors and organizational members rate this strategy as least competent. With this in mind, start with prosocial strategies when expressing upward dissent. Gather evidence and propose solutions. Meet first with your supervisor before approaching senior leaders. If you must repeatedly raise your concern, continue to offer evidence and solutions. Threaten to quit only as a last resort.

The Challenge of Bad News

Few of us have a problem with telling our superiors what they want to hear. For example, we've reached our goals, sales are up, the project is under budget, and the software implementation will be done on time. Delivering bad news is much riskier. Telling our bosses what they don't want to hear can incur their wrath, bring penalties, and seriously damage our standing in the organization. The risk is highest when we are directly at fault. No wonder that researchers report that subordinates routinely keep negative information from their superiors, including feedback about leader behaviors that could be undermining the group's success.[43]

Organizations can pay a high price when followers hide or cover up bad news, deny responsibility, or shift blame. Leaders can't take corrective steps if they don't know a problem exists. Their failure to address serious deficiencies, like safety hazards and accounting fraud, can destroy an organization. Further, leaders who don't get feedback about their ineffective habits can't change these patterns. Teachers who use lots of "ums" and "ahs" in their lectures, for example, need feedback about their speech behaviors from students if they are to eliminate these language features. Finally, denying accountability and shifting blame undermines trust and focuses people on defending themselves instead of on solving the problem.

Declaring that ethical followers should faithfully deliver bad news and accept responsibility for their actions is easier than doing so ourselves. Being the bearer of bad tidings takes courage, as we'll see later in the chapter. The challenge is not so much in determining what to do but in following through. As in delivering all messages, selecting the right time, place, and channel is critical. Significant problems should be brought to light as soon as possible, when the receiver is most receptive, and delivered face-to-face, not through email or other less personal channels.

William J. LeMessurier is an excellent example of someone who didn't hesitate to deliver bad news that revealed his errors. LeMessurier was the lead structural engineer for the Citicorp tower

in New York City. After the building was finished, he discovered that the structure's design and braces made it susceptible to wind damage. The building would likely collapse in a violent storm, which might occur every 16 years. LeMessurier could have kept silent. Instead, he put his professional reputation on the line and admitted his mistakes to the architect and to top Citicorp officers. Working together, LeMessurier and company officials developed a plan to fix the brace problem. In three months, the mistake was fixed. The manager for the project described the incident and LeMessurier this way: "It started with a guy who stood up and said, 'I got a problem, I made the problem, let's fix the problem.'"[44]

Meeting the Moral Demands of Followership: Principles and Strategies

Now that we've identified the ethical duties of the followership role, we'll look at key concepts and tactics designed to help you master these challenges. To be an ethical, effective follower, you will need to redefine what it means to be a follower, overcome unhealthy motivations, engage in ethical self-leadership, act courageously, and determine when to bring organizational misconduct to the attention of outsiders.

Redefining the Follower Role

Many people equate followership with passivity. To them, being a good follower means taking a subordinate position and deferring to the leader. They focus on carrying out the orders of their superiors. Others take a proactive approach to the follower role. They see themselves as coproducers or partners with leaders, working with them to reach important organizational objectives. Proactive followers are more likely to take the initiative, not only offering feedback and advice to their leaders but also challenging them. Melissa Carsten and Mary Uhl-Bien found that there is a relationship between coproduction beliefs and willingness to engage in unethical behavior.[45] Followers who see themselves as active partners with leaders (possess strong coproduction beliefs) are less likely to obey the unethical directives of their superiors. They are more likely to offer constructive resistance by supplying alternatives or reasons for noncompliance. Followers who view themselves as passive and dependent (hold weak coproduction beliefs) are more likely to submit to unlawful and unethical requests, to engage in "crimes of obedience." They shift or displace responsibility for their actions to

their leaders. (Complete Self-Assessment 7.2 to determine your coproduction beliefs.)

Carsten and Uhl-Bien's findings suggest that how we define followership has a lot to do with our ethical or unethical behavior as followers. In order to stand up to leaders, we need to consider ourselves as their partners, which may mean that we need to shift our thinking. We share responsibility for the ethical success or failure of the group whether we serve in a leader or follower position, as followers we can strengthen our ability to remain ethical even when our bosses are not. We can reduce our dependence on our leaders by becoming more marketable (so we can move to other jobs if needed), by becoming more valuable to the organization, and by being willing to do what's right no matter the consequences. We can increase our personal power through building relationships and establishing our competence and reputations. We can become more effective at exerting upward influence through honing our communication skills and developing news ways to approach problems.

Taking a proactive approach to followership not only increases resistance to unethical leader influence, but it also opens the way for followers to "lead their leaders" by improving their—the leaders'—moral performance.[46] Followers influence leader ethicality along two dimensions: affiliative–challenging and promotive–prohibitive. *Affiliative* behaviors sustain or strengthen the follower–leader relationship while *challenging* activities can weaken this connection. *Promotive* behaviors encourage something to occur while *prohibitive* behaviors try to stop activities and practices. These two dimensions, in turn, combine into four types of ethical influence tactics that we can use to help shape how our leaders respond to moral dilemmas:

1. *Modeling* (affiliative–promotive). Leaders often look up to followers who model high moral standards and are willing to sacrifice and take responsibility. Such followers encourage leaders to be optimistic about being able to behave ethically. By

demonstrating commitment, they encourage leaders to do so as well. Followers thus "teach" leaders how to act ethically, and that ethical behavior can be practical and successful.

2. *Eliciting* (challenging–promotive). Eliciting behaviors encourage leaders to "recognize and to act on [their] own values, beliefs, and capabilities." Eliciting followers highlight moral issues, tie these issues to leaders' values, and "sell" issues—get them on the organizational agenda. They use moral language to activate moral schemas and make connections to what leaders believe to be important. For example, a male executive might become more sensitive to sexual harassment if followers point out that his daughter could be the victim of such behavior. Eliciting followers try to promote action by triggering leaders' moral emotions like anger and compassion. They may also point to extreme exemplars to make their arguments. They might ask: "You don't want to become the next Elizabeth Holmes [of Theranos], do you?" Or, conversely: "This sustainability program will put our firm in the same category as Patagonia or Whole Foods Market."
3. *Guiding* (affiliative–prohibitive). Guiding behaviors steer leaders away from bad ethical choices by narrowing their options. This can occur by highlighting particular moral guidelines, increasing the moral intensity of issues, facilitating the discussion of the implications of ethical choices, and highlighting the leader's moral identity (and when the course of action contradicts this identity). Having an ethical culture and climate in place—see Chapter 9—limits the leader's opportunity to engage in immoral activities.
4. *Sensemaking* (challenging–prohibitive). Sensemaking followers help leaders structure and interpret (make sense of) moral situations. They provide explanations, note the ethical implications of courses of action, highlight ethical guidelines and procedures to apply to the decision, point out errors, and tell stories that explain why organizational policies and procedures are in place.

Self-Assessment 7.2: Followership Role Orientation Scale

Instructions

Think about your beliefs about followers' roles in relation to leaders in an organizational setting. "Follower" refers to an employee who is working with leaders to achieve outcomes. In answering the following questions, think generally about followers and their interactions with leaders or "higher-ups" in organizations, and indicate the extent to which you agree with each statement on the following scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Somewhat disagree*; 4 = *Somewhat agree*; 5 = *Agree*; 6 = *Strongly agree*.

1. Followers should be on the lookout for suggestions they can offer to superiors.	1	2	3	4	5	6
2. Followers should proactively identify problems that could affect the organization.	1	2	3	4	5	6
3. As part of their role, followers must be willing to challenge superiors' assumptions.	1	2	3	4	5	6

4. Followers should be proactive in thinking about things that could go wrong.	1	2	3	4	5	6
5. Followers should communicate their opinions, even when they know leaders may disagree.	1	2	3	4	5	6

Scoring

Add up your score (range 5–30). The higher your score, the more you believe that followers should act as partners with their leaders.

Source: Carsten, M. K., & Uhl-Bien, M. (2017). *Leadership*, 1-26. Leader perceptions and motivation as outcomes of followership role orientation and behavior. *Leadership*, 1-26. Used by permission of Melissa Carsten.

Overcoming Unhealthy Motivations

All too often, followers seek leaders for the wrong reasons. These unhealthy motivations encourage subordinates to tolerate and support the bad leaders described earlier. Toxic followership makes toxic leadership possible. Meeting the ethical challenges of followership, then, begins with avoiding these motivational traps. Claremont University professor Jean Lipman-Blumen argues that there are a number of factors that "seduce" us into toxic followership[47]:

- Our need for authority (parentlike) figures
- Our need for security and certainty, which prompts us to abandon our freedom
- Our need to feel chosen or special, which we meet by following a leader apparently engaged in a greater cause
- Our need to be part of a community

- Our fear of being ostracized and isolated from the group
- Our fear that we are powerless to challenge a bad leader
- Our anxiety about life and death, which makes us vulnerable to the illusion that heroic, godlike leaders can protect us
- Our need to be at the center of the action in order to feel alive, meaningful, and in control
- Our desire to identify with a noble vision (which may turn out to be toxic)
- Our feelings of anxiety, caused by uncertainty, change, and crisis, that drive us to leaders for protection
- Our worship of achievement, which makes us admire gifted individuals who may have serious flaws
- Our need for self-esteem, which we meet by aligning ourselves with successful leaders, even when they have toxic qualities

Lipman-Blumen offers five strategies that can keep us from becoming dependent on toxic leaders while helping us become self-reliant instead. One, recognize that anxiety is a fact of life. Any serious change sparks fear and uncertainty, but we need to step out and take risks despite our fears. Two, learn to act independently—develop the leader within. Become proactive rather than reactive. Work with others to develop democratic organizations where many individuals share leadership responsibilities. Three, demand leaders who tell the truth, no matter how unpleasant that truth might be. Such leaders disillusion us and force us to take our follower duties seriously. Four, beware of leaders with grandiose visions who divide the world into us versus them (see the discussion of moral exclusion in Chapter 8). Five, don't let a few individuals self-select for top positions. View leadership as a responsibility to be shared by a

variety of group members. Draft worthy candidates for leadership roles based on their character, and limit their terms of service; rotate individuals in and out of leadership positions.

Christian Thoroughgood and his colleagues argue that certain types of individuals are more susceptible to destructive leaders.[48] They identify two categories of vulnerable followers: *conformers* and *colluders*. Conformers are driven by obedience. Passive, these subordinates engage in unethical and illegal activities only when directed to do so by their toxic leaders. Colluders, on the other hand, are actively engaged in supporting the leader's unhealthy goals. They willingly engage in destructive acts. The three conformer subtypes and two colluder subtypes are described here.

1. *Conformers: lost souls*. Lost souls are particularly needy, seeking affection, safety, certainty, or a sense of purpose. These individuals also have an unclear self-concept (which is easily influenced) and suffer from low self-esteem. Lost souls identify with their leaders and obey out of loyalty, hoping to gain their leaders' approval. Many who join religious cults appear to be lost souls looking for direction from charismatic leaders.
2. *Conformers: authoritarians*. Authoritarians believe that leaders have a right to exercise power, and they obey orders—including unethical ones—without question. Authoritarians are generally intolerant of outsiders, prefer order and structure, and believe that the world is fair and just. In this fair and just world, victims deserve to suffer or fail because of their behavior or character. Some recruits are attracted to the military, for example, because they believe in strong leaders and are eager to follow orders as they serve a just cause.
3. *Conformers: bystanders*. Bystanders are more passive than lost souls or authoritarians. They are motivated by fear, believing they will be punished if they don't conform to the leader's wishes. Bystanders have low self-evaluations but are skilled at monitoring their behavior to conform to the wishes of the leader and the group. They tend to be introverts and lack the courage

to confront unethical leaders. Many living in Nazi Germany acted as bystanders, for instance, supporting the regime out of fear of retribution.

4. *Colluders: opportunists*. Opportunists are ambitious and willingly follow destructive leaders to gain money, power, prestige, or status. Like unethical leaders, opportunists are often greedy, manipulative, and narcissistic. They lack self-control as well. Rick Gates is one example of an opportunist. He served as deputy to political consultant Paul Manafort. Both were convicted of failing to register as foreign agents and for making false statements about their work on behalf of the pro-Russian government of Ukraine.
5. *Colluders: acolytes*. Acolytes are "true believers" who share the values and goals of their toxic leaders. They have a clear sense of themselves and behave in a way that is consistent with their identities. Acolytes don't seek rewards like opportunists. Instead, they eagerly participate in unethical and illegal activities because they support the group's destructive mission. Many white supremacists act as acolytes, wholeheartedly supporting violence aimed at minorities.

Organizations can take steps to protect themselves from destructive leadership by reducing the susceptibility of followers. Allow followers to challenge their leaders and hold those leaders accountable for unethical behavior. Avoid micromanagement, authoritarian leadership styles, rigid bureaucracies, top-down decision making, and large status and power differentials. Screen out job applicants who demonstrate authoritarian, Machiavellian, and narcissistic tendencies.

Ethical Self-Leadership

Self-leadership can be an important tool for resisting destructive leaders while, at the same time, improving moral judgment. Self-leadership describes the process of motivating, leading, and controlling our behavior in order to achieve our goals.[49] Self-leadership produces positive outcomes for both individuals and organizations, boosting work quality, performance appraisals, employee effectiveness, team performance, and entrepreneurial performance. Self-leadership also boosts ethical performance. Ethical self-leadership tactics include the following[50]:

Behavior-Focused Strategies

Self-Observation—watching and gathering information on specific behaviors and traits targeted for change, such as lying, laziness, and cynicism

Self-Set Goals—objectives that are self-developed, specific, and challenging (e.g., "I will give my full attention to coworkers who want to share their problems with me")

Management of Cues—arranging and altering elements of the work environment to facilitate desired behaviors (e.g., posting signs saying "Do what's right" and "Care for the customer," and displaying safety performance data)

Self-Reward—providing rewards (a dinner celebration, extra free time) for acting as desired

Self-Punishment—providing punishments for misbehaving (e.g., moderate self-criticism)

Building Natural Rewards Into Tasks—redesigning tasks to ensure that they provide a sense of competence, self-control, and purpose (A sense of meaning and purpose naturally comes from acting ethically.)

Cognitive-Focused Strategies

Beliefs—replacing dysfunctional beliefs ("I must quit if I disagree with part of the company's mission statement") with more constructive responses ("I may disagree with parts of the mission statement but can work to change it")

Self-Dialogue (Self-Talk)—identifying destructive thoughts and modifying them to be more positive (e.g., changing "I am a failure for not being honest with every customer" to "I may have misled a customer yesterday but I have improved overall")

Mental Imagery—imagining a successful performance ahead of time, as in visualizing a successful confrontation with team members who are not doing their fair share

Thought Patterns—changing habitual ways of thinking by focusing on opportunities in challenging situations ("Do the right thing") rather than on the obstacles ("What will happen if I disobey company policy?")

Ethical leaders foster ethical self-leadership by making followers more accountable for their actions. Employees are more motivated to improve their ethical conduct when they are held personally responsible for their actions and when they face significant consequences for misbehavior.

Courageous Followership

Government and business consultant Ira Chaleff believes that followership requires courage.[51] He defines courage as accepting a higher level of risk. It's risky for a camp counselor to confront a camp director who is demeaning children, for a shift supervisor to oppose new work rules developed by the plant manager, or for a member of the cabinet to challenge the decision of the president of the United States. Acting courageously is easier if followers recognize that their ultimate allegiance is to the purpose and values of the organization and not to the leader. Chaleff identifies five types of follower courage.

1. *The courage to assume responsibility.* The first dimension of courageous followership specifically addresses the challenge of obligation. Courageous followers assume responsibility for themselves and the organization as a whole. They assess their own performance, elicit feedback from others, seek opportunities for personal growth, manage their tasks, and maintain a healthy personal life. At the same time, they are passionate about the work of the organization as a whole, taking initiative to challenge the status quo by modifying the culture, challenging rules and mind-sets, and improving processes.
2. *The courage to serve.* Courageous followers actively support their leaders, often by working behind the scenes. This service takes the following forms:

    - Helping leaders conserve their energies by focusing their attention on the most important tasks
    - Organizing communication flow from and to the leader
    - Controlling and allowing access to the leader
    - Screening out unsubstantiated criticism of the leader and defending the leader from unjust criticism

- Relaying a leader's messages in an accurate, effective manner
- Acting on behalf of the leader when appropriate
- Shaping a leader's public image
- Focusing the creative leader on the most fruitful ideas
- Presenting options during decision making
- Encouraging the leader to develop healthy peer relationships
- Preparing for and preventing crises
- Helping the leader and the group cope with the leader's illness
- Mediating conflicts between leaders
- Promoting performance reviews for leaders

3. *The courage to challenge.* Inappropriate behavior threatens the leader–follower relationship and the entire organization. Leaders may engage in petty theft, scream at or use demeaning language with employees, display an arrogant attitude, and engage in sexual harassment. Such behavior needs to be confronted immediately, before it becomes a habit. In some instances, a gentle, indirect approach will do, as in questioning the wisdom of a policy or focusing attention on the idea or program rather than on the personal shortcomings of the leader. In more extreme cases, followers will need to directly challenge or disobey orders.
4. *The courage to participate in transformation.* Left unchecked, negative behavior patterns can lead to a leader's destruction. But changing ingrained habits is a long, difficult process. Leaders often deny the need to change or justify their behavior.

They may claim that anger is an effective management tool or that misleading investors boosts company profits. To modify their behavior, leaders must admit they have a problem, accept responsibility, and desire to change. They are more likely to persist in the change process if they can visualize positive outcomes, like more productive employees, better health, restored relationships, and higher self-esteem. Followers play a critical role in the transformation process by (1) drawing attention to what needs to be changed (and not reinforcing dysfunctional behavior), (2) providing honest feedback, (3) suggesting resources and outside facilitators, (4) creating a supportive climate, (5) modeling openness to change and empathy, (6) helping contain abusive behavior, and (7) providing positive reinforcement when the leader adapts effective new patterns.

5. *The courage to leave.* There are lots of reasons to leave an organization. A new setting may offer more opportunities for personal growth, leaving may help the group as a whole, and followers may be experiencing exhaustion and burnout. However, leaving for principled reasons takes the most courage because it may mean the loss of a job, career, or reputation. Followers should resign when they have failed to fulfill the organization's purpose or have violated an important trust. They may also withdraw their support when those in authority continue their abuse, violate their professed values, serve their own agendas, and ask followers to engage in unethical and illegal behavior.

Chaleff is quick to point out that courageous followership involves more than challenge; it also involves support for the leader. The best followers serve as *partners* with leaders, providing high challenge and high support. Other types of followers fall short on one or both of these dimensions. *Individualist* followers will speak up when others don't but are seen as unsupportive and thus may be ignored. *Resource* followers don't provide much support or challenge, doing just enough to get by. *Implementer* followers are very supportive but

rarely challenge their leaders. Leaders often like followers who use this style. Nevertheless, implementers put their leaders at risk because they don't warn them about problems.

According to Chaleff, identifying your follower style is the first step in developing your courage.[52] Determine whether you function as a partner with your leaders or as an individualist, resource, or implementer instead. Be willing to support your leader, and practice the skills you need to act courageously by role-playing confrontation scenarios like the ones in Application Project 9. When preparing to challenge a leader, try to identify any misperceptions or blind spots you might have as a follower by asking yourself the following questions:

Does what I want from the leader seem reasonable?

Do I need to build or repair trust by giving the leader more or better support?

Is a better strategy needed for raising the issue with the leader?

Do I need to conduct more research or gather more documentation to present my case effectively?

What options should I develop for the leader to consider?

Do I need to change any behaviors if I want the leader to transform any behaviors?

Do I need to do something to reinforce changes already agreed to in earlier conversations?

Are there any other observations or suggestions that I should keep in mind?

Blowing the Whistle

Whistleblowers are organizational members who decide to remain in the organization but take their concerns about abuses (e.g., bid rigging, bribery, unsafe products, substandard working conditions) to outsiders in the hope of correcting the problem.[53] They often begin by expressing their dissent through organizational channels but end up making problems public when their concerns are ignored. Whistleblowing is worthy of special attention because whistleblowers play a critical role in uncovering organizational wrongdoing. They are credited with revealing nearly one out of five fraud cases in large U.S. corporations in an eight-year period.[54] Billionaire investor Warren Buffett acknowledged the importance of whistleblowing when he declared that his investment firm would have been more successful if it had acted earlier to install a complaint hotline: "Berkshire would be more valuable today if I had put in a whistleblower line decades ago. The issues raised are usually not of a type discovered by audit, but relate instead to personnel and business practices."[55]

Whistleblowers are just as active in revealing wrongdoing in the public and nonprofit sectors. High-profile scandals involving the Trump White House, the Russian Olympic Committee, USA Gymnastics, the Department of Veterans Affairs, Abu Ghraib prison, United Nations peacekeeping forces, and the National Security Agency came to light when followers went public with their concerns.

Several U.S. federal laws are designed to protect whistleblowers. The 1989 Whistleblower Protection Act forbids retaliation against government employees and was extended in 2007 to cover many government contractors. The Sarbanes-Oxley Act of 2002 protects the employees of publicly held companies, and the Dodd-Frank Act of 2010 added additional protections, including financial incentives for coming forward.[56]

Whistleblowers, while essential to revealing and correcting organizational misbehavior, can pay a steep price for speaking up. President Trump attacked the anonymous individual who complained about the misuse of military aid to Ukraine, calling this person a "spy" who deserved the punishment meted out to traitors. Rachael Denhollander lost friends, left her church, and saw her privacy shredded when she became the first gymnast to publicly accuse Michigan State and Olympic doctor Larry Nassar of sexual abuse. (He was later convicted of victimizing over 300 women and girls in one of the largest sports sexual abuse cases ever.) In one whistleblower support group, all had lost their high-paying jobs and careers, and most had lost their homes and their families. Some who blew the whistle on wrongdoing in collegiate sports had their tires slashed and received death threats.[57]

Not all whistleblowers experience retaliation. (Research on federal whistleblowers, for instance, suggests that 16%–38% are victimized.) But dissenters should be prepared to be attacked instead of supported. Retaliation is designed to undermine the reputation and power of organizational whistleblowers while enabling the wrongdoer or organization to continue to engage in unethical behavior. Retaliation takes four forms:

1. Labeling—false accusations, rumors, name-calling[58]; for example: calling the whistleblower "crazy," a "disgruntled employee", or, when the complainant is female, a "slut" who sleeps around
2. Isolation—ostracizing an individual though symbolic or literal means; for example: treating whistleblowers as if they are invisible, cutting off communication, putting the whistleblower's desk in a closet, reassigning the whistleblower, intimidating supporters of the whistleblower
3. Surveillance—intensified scrutiny designed to gain evidence against the whistleblower; for example: reading emails, tapping phones, requiring additional paperwork

4. Fear tactics—intimidation, physical violence, threats; for example: slamming the whistleblower into a wall, reporting the whistleblower's children to Child Protective Services

Sadly, federal regulations have offered little protection to those who blow the whistle. Whistleblowers won only 4 out of the first 10,000 cases brought under the 1989 statute. During one month, 499 out of 677 complaints filed under Sarbanes-Oxley were dismissed, and 95 out of the remaining complaints were withdrawn.[59] It costs somewhere between $50,000 and $100,000 to pursue a case through the federal court system. No wonder that of employees who witness unethical conduct, many (37%) do not report the misconduct to the proper authorities.[60] Students are also reluctant to blow the whistle. Only half of 2,000 doctoral students surveyed would report that faculty members falsified research data, used university resources for private consulting, discriminated against students, or engaged in other forms of misconduct.[61]

In light of the risks, blowing the whistle on organizational wrongdoing takes a great deal of courage. Yet courage by itself is not enough. Whistleblowers must also engage in careful strategic and ethical reasoning. According to Brian Martin, who advises whistleblowers, many who come forward mistakenly assume that revealing a problem is enough to get it fixed. They need to be strategic change agents instead.[62] He outlines a series of strategic steps to follow when engaging in whistleblowing. First, collect lots of information about the problem through emails, documents, listening in on conversations (and perhaps recording them), and talking to coworkers. Second, make an effective case. Boil down the information into a brief summary that is understandable to colleagues, social media, journalists, and others. Identify the central issues that will resonate with observers; use evidence and arguments that can be understood by outsiders. Step back from the issue, which is highly personal and emotional, to consider how others might view the situation. Third, build support by recruiting

insiders (coworkers and supervisors) as well as outsiders (unions, professional associations). When it comes to prompting change, groups are generally much more effective than individuals. Fourth, generate publicity. Journalists, public interest groups, and other outsiders often want to expose corruption and health hazards and can challenge perpetrators. Learn how the mass media operate—what information and stories reporters want and how to manage relationships with journalists. Use social media, blogs, emails, and tweets to get information, to recruit allies, and to put offenders on the defensive.

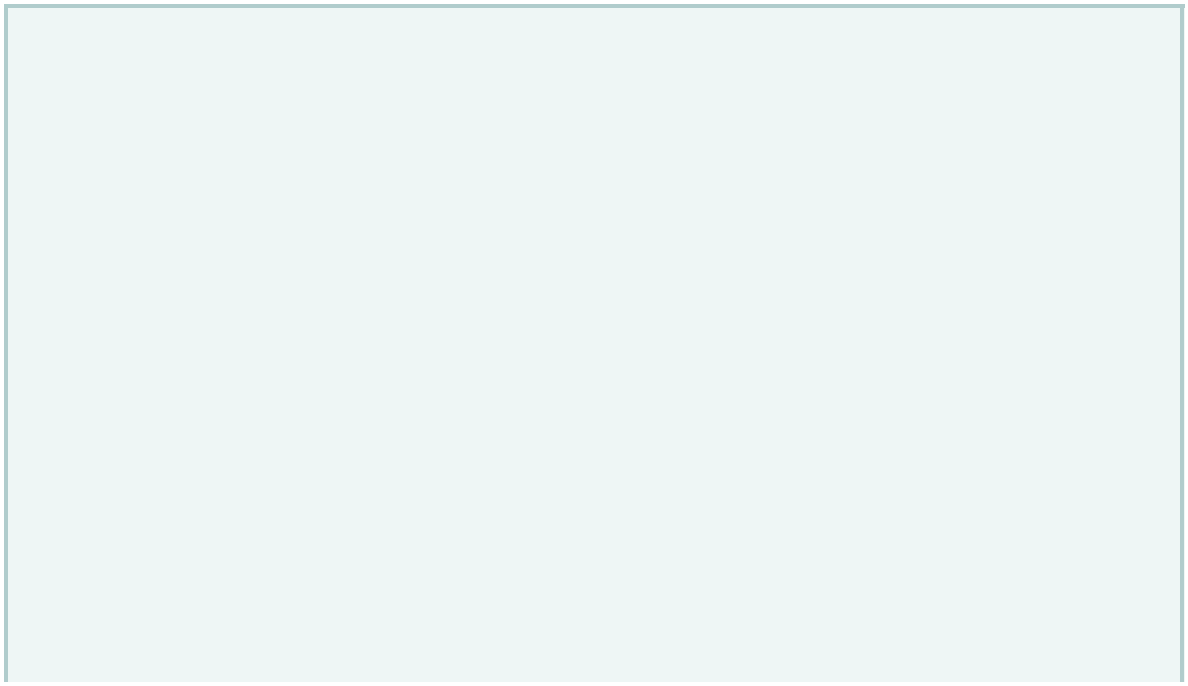
Self-understanding must guide each of the four strategic steps. Identify a clear objective for coming forward. (Too often whistleblowers fail to spell out their objectives or they formulate unrealistic goals.) Recognize and deploy personal strengths while accounting for weaknesses like poor social skills or limited finances.

Strategic reasoning must be paired with in-depth ethical reasoning. Whistleblowers have to determine where their ultimate loyalty should rest and whether the disruption they will cause is justified. When the whistle blows, everyone in the organization suffers. Workers lose their jobs, the credibility of the organization is damaged, stock prices decline, and so forth.

Ethicist Sissela Bok divides the act of whistleblowing into three parts to help ethical decision makers weigh the moral implications of exposing misbehavior to outsiders.[63] *Dissent* addresses the relative benefits of going public. Most whistleblowers believe that their actions will benefit society as a whole. Before going forward, they need to determine if this is indeed the case. They should consider possible harm to people, to organizations, and to the public interest for speaking out. Their reports need to be accurate and involve serious, imminent threats. Whistleblowers break their *loyalty* to fellow members and to the group as a whole. Therefore, whistleblowing should be used only as a last resort, when time is limited and internal channels aren’t an option. Doing so may be the

only way to serve the organization's mission, values, and goals, however. Whistleblowers bring serious charges against individuals in public. *Accusation* highlights the fact that dissenters are ethically obligated to consider such issues as fairness, the public's right to know versus the right to privacy, whether or not to remain anonymous, and if they are motivated by tainted motives like revenge, self-defense, and profit.

As managers, we can take steps to encourage employees to blow the whistle internally so corrective actions can be taken without incurring the costs of going public.[64] These steps are both preventive and responsive. Preventive actions are designed to reduce the likelihood that wrongdoing will occur in the first place. Responsive actions address whistleblower complaints. Create tough antiretaliation policies, and disseminate those policies throughout the organization. Identify types of unethical behavior, and spell out what employees should do if they observe such actions. When an employee makes a complaint, concentrate on the wrongdoing and not on the whistleblower. Thoroughly investigate all reports, and take quick action when justified. Publicize corrective actions, and monitor to make sure retaliation doesn't occur.



Chapter Takeaways

- Both leaders and followers determine the ethical performance of organizations.
- The ethical challenges of leaders and followers are a product of their complementary roles. As a leader, you will have power, broader authority, and more responsibility for the overall direction of the group. As a follower, you are accountable for implementing plans and carrying out the work.
- The six moral demands you'll face as a leader include (1) the challenge of power, (2) the challenge of privilege, (3) the challenge of information management, (4) the challenge of consistency, (5) the challenge of loyalty, and (6) the challenge of responsibility.
- Failure to meet the ethical challenges of the leadership role leads to a variety of misbehaviors that constitute the dark, or shadow, side of leadership. Understanding this side of leadership can keep you from casting shadows.
- Shadow leaders have been described as bad (ineffective and/or unethical), toxic (engaging in antisocial behaviors and demonstrating dysfunctional characteristics), and selfish (impulsive, narcissistic, or Machiavellian).
- We can keep from casting shadows by sharing power, remaining accountable, and being alert to signs of toxicity and selfishness in ourselves.
- Ethical leaders act as moral persons and moral managers. They are ethical role models who focus the

attention of the organization on ethics through frequent ethics messages, creating codes of ethics, ethics training, and rewarding moral behavior while punishing offenders.

- Servant leaders avoid the ethical pitfalls of the leadership role by putting the needs of followers first. They are person centered (altruistic), promote justice, demonstrate ethical character, and practice stewardship.

- Authentic leaders reflect a high level of self-understanding, and their actions are consistent with their core values. They demonstrate self-awareness, balanced processing (they can remain objective when receiving information), an internalized moral perspective based on internal standards, and relational transparency.

- The moral demands you'll face as a follower are the challenge of obligation, the challenge of obedience, the challenge of cynicism, the challenge of dissent, and the challenge of delivering bad news.

- If you see yourself as an active partner with your leaders, you will be less likely to obey unethical directives and can help improve the moral performance of your supervisors.

- Beware of fear, anxiety, the need to belong, and other forces that can make you dependent on toxic leaders. Learn to live with anxiety, and don't be afraid to act independently. Demand leaders who tell the truth; avoid those with grandiose visions.

- Engage in ethical self-leadership to improve your ethical performance. Motivate and control your moral behavior by modifying your actions and thought patterns.

- You will need to demonstrate courage if you are to fulfill your ethical duties as a follower. Develop your courage by seeking to serve as a partner with your leader, practicing the skills you need to act courageously, and identifying possible misperceptions or blind spots you have as a follower.

- Whistleblowing is bringing wrongdoing to the attention of outsiders. The possibility of retaliation means you will need courage to be a whistleblower. To lessen the danger, be strategic—gather information, make a persuasive case, find allies, generate publicity, and know your goals, strengths, and weaknesses. You'll also have to engage in careful moral reasoning, weighing the relative benefits of going public, breaking loyalties, and publicly accusing others.

- Take steps to encourage others to blow the whistle by setting tough antiretaliation policies and by taking quick corrective action when complaints surface.

Application Projects

1. In a group, identify additional ethical demands on leaders and followers that you would add to those in the chapter.
2. Create a case study that illustrates how a leader or follower responded to one of the ethical challenges.
3. Which ethical challenge of ethical leadership or followership is the most difficult to resolve? Write up your conclusions.
4. Debate or discuss the following propositions.

    - The power of followers is growing.
    - Studying the dark side of leadership can help us become more ethical leaders.
    - Authenticity is the most important characteristic a leader can have.
    - Incompetent leaders are unethical leaders.
    - It is impossible to practice servant leadership in certain situations.
    - Narcissistic individuals can be effective leaders.

5. Share your score from the Ethical Leadership Scale (Self-Assessment 7.1) with a partner. Explain why you rated this individual the way you did and how the person might improve. How do you think you would rate if others evaluated you?

6. If you have a leadership role, spend a week trying to function as a servant leader. Summarize your experience, paying particular attention to how acting as a servant may have changed your attitudes and behaviors.
7. Develop a strategy for improving the ethical performance of one of your leaders.
8. Have you had to display any of the dimensions of courageous followership? Share your story in a small group.
9. Role-play these confrontation scenarios:

   You are the vice president for product development at a large manufacturing firm. Your division is ready to begin work on a major new product line. Due to the investment required to develop the new products, the board of directors must give its approval. Your boss, the company CEO, has enthusiastically supported the project. That's why his behavior at last night's board meeting was so disappointing. When several board members began to express opposition to your plans after your presentation, the CEO agreed with them and stated that the new product line was "not well thought out." You are scheduled to meet with the CEO this morning to debrief the board session.

   You are the director of an MBA program at a private university. On more than one occasion, the president of your school has exaggerated the number of students in your program when making presentations to donors. He continues to overstate enrollments, even though you have provided him with the correct figures. You have an appointment with him to discuss other items but want to address this issue as well.

   You are a junior accountant at a small accounting firm. You notice that your supervisor, who generates the most

income for your business, appears to be advising clients to claim unauthorized deductions on their tax forms. She denies that she is doing anything illegal and asserts that she is trying to save money for her hardworking clients. You, however, are unconvinced by her arguments and set up a meeting to confront her about the deductions.

10. Identify ethical behaviors you want to improve and outline an action plan using behavioral and cognitive self-leadership tactics. If possible, carry out your plan over an extended period (4–6 weeks). At the end of this time, evaluate your progress and the effectiveness of the self-leadership strategies.
11. Analyze the actions of a whistleblower using the elements of strategic thinking and moral reasoning described in the chapter. Did this person develop an effective strategy for coming forward? Was the individual justified in blowing the whistle?

Case Study 7.1: Tech Worker Resistance

A growing number of employees are taking to the streets to protest everything from the handling of sexual harassment complaints to climate change. Headquarters staff at Mercy Corps, one of the world's largest humanitarian organizations, forced the CEO to resign over his failure to respond to sex abuse allegations from the daughter of one of the organization's founders. Marriott hotel staff walked out in order to give employees more say in the implementation of new technology. Employees at Wayfair protested the sale of furniture to the Immigration and Customs Enforcement (ICE) agency for use in immigration detention facilities.

Tech workers have taken the lead when it comes to employee resistance. Microsoft employees sent an open letter protesting the firm's contract to make visually enhanced headsets designed to "increase lethality" for the military. According to the letter writers, "We did not sign up to develop weapons, and we demand a say in how our work is used."[1] Amazon workers called on Jeff Bezos to stop selling facial recognition technology to law enforcement and protested the firm's deals with big oil companies. Tableau employees held a rally in Seattle to ask its executives to end ties with ICE and Customs and Border Protection. Over 250 Facebook employees wrote CEO Mark Zuckerberg to urge him to crack down on bogus political ads. Twenty thousand Google employees walked out to protest the firm's decision to offer millions to disgraced executives fired for sexual harassment. They later left their desks to protest Google's forced arbitration policy for handling internal disputes. At game manufacturer Blizzard, a small group of employees

walked off of the job to oppose the ban of a Hong Kong gamer who supported Chinese pro-democracy protestors.

Tech activism can be traced to several factors. First, skilled tech workers are in high demand. If they resist company policies, they are less likely to be fired than employees in other industries. Second, tech companies claim to be a force for global good, which is reflected in such mission statements as "organize the world's information" (Google) and "empower every person and organization on the planet" (Microsoft). Their workers, whose identities are often tied to their jobs, feel betrayed when employers don't live up to corporate ideals. Said one senior Google employee, "Those who signed up to be tech heroes don't want to be implicated in human rights abuses."[2] Third, many in the tech industry strongly object to policies of administration policies. Tech workers are following the example of tech leaders who have taken moral stands on social issues. Tech executives signed a letter protesting the ban on Muslim immigrants and resigned from Trump's economic council following his defense of white supremacists. Fourth, the #MeToo movement has focused attention on the poor treatment of women in the tech field.

So far, the results of the tech resistance movement have been mixed. In a major victory for activists, Google ended a contract with the Pentagon that was designed to improve the accuracy of drone strikes through the use of artificial intelligence (AI). Google's leaders also agreed to turn down additional military contracts using AI and ended the firm's closed arbitration policy for handling internal disputes. However, Google still pursues both U.S. government and oil company contracts and is working with the Chinese government on a censored search engine. Company leaders fired four activist employees, outlawed political discussions on its internal forums, and ended weekly all-employee meetings.

Microsoft intends to keep its U.S. government contracts. CEO Brad Smith explains: "Our view is, we actually don't think it makes sense to just cancel contracts in democratically elected societies and start unplugging people from technology. In part, we do feel that way as a matter of principle. The government was elected, the companies were not."[3] Amazon continues to sell face-recognition software to police departments. Blizzard kept the ban of the Hong Kong gamer in place in order to preserve the company's lucrative market in mainland China.

Tech activism may signal a fundamental shift in the relationship between workers and their companies. Tech employees are recognizing they have different interests and concerns than management. Tech firms are not "families" as tech leaders have claimed; maybe "Silicon Valley isn't so great after all."[4]

Discussion Probes

1. Would you participate in an employee walkout? What issues would cause you to sign a protest letter or to walk away from work?
2. What say should employees have in how their products are used and in the contracts their companies accept?
3. By urging their companies to reject government contracts, are employees undermining democratically elected governments?
4. What policies should companies set for responding to employee protests?
5. Do you think employee resistance will continue to grow in technology and other industries?

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1. Rowe, A. (2019, February 28). Microsoft employees protest US Army contract. *Tech.Co*.

2. Nickelsbrug, M. (2019, October 10). Microsoft and GitHub workers protest ICE contracts in latest demonstration of employee activism. *GeekWire*.

3. Tiku, N. (2018, June 29). Why tech worker dissent is going viral. *Wired*.

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Case Study 7.2: Power, Wealth, and the Sexual Predator

The sordid career of sexual predator Jeffrey Epstein demonstrates how concentrated power not only corrupts leaders; it also corrupts those around them. Epstein made millions in banking, financial management, and hedge funds, buying his own private Caribbean island, as well as mansions in Florida, New York City, and Paris, and a ranch in New Mexico. He befriended such prominent figures as Donald Trump, Bill Clinton, Britain's Prince Andrew, and celebrity lawyer Alan Dershowitz.

Epstein used his wealth and influence to engage in sex trafficking. He paid cash to underage girls, some as young as 14 or 15, to give him nude massages, which frequently involved masturbation, oral sex, or even rape. Many of the girls were homeless, foster kids, and from working-class neighborhoods. Said one of his victims, now 31 years old, "Jeffrey preyed on girls who were in a bad way, girls who were basically homeless. He went after girls who he thought no one would listen to and he was right."[1] Epstein paid some of his victims to recruit other girls, creating what a police detective called "a sexual pyramid scheme."[2]

Epstein's sex crimes came to light in 2005, when a mother told police that her 14-year-old daughter was paid to strip and massage him at his Palm Beach mansion. Investigators located over 30 victims. Epstein pled guilty in 2008 to soliciting prostitution from a minor and received a "sweetheart deal." His attorneys convinced federal prosecutor Alexander Acosta to drop more serious federal charges that could have kept him in prison for the rest of his life. Instead,

Epstein pled guilty to lesser state charges and registered as a sex offender. He served 13 months in county jail, not in state prison. In violation of county policy, he was released to go to his office six days a week. Acosta kept terms of the agreement from the victims in apparent violation of federal law.

After his conviction, the financier remained active despite his sex offender status, inviting guests to his island home, networking with scientists and celebrities, and making donations. He maintained particularly close ties with the Massachusetts Institute of Technology, supporting projects by MIT physicist Robert Lloyd and the university's Media Lab, which conducts cutting-edge technology research. Lloyd visited Epstein while he was in jail and later published papers based on projects funded by Epstein. Media Lab director Joichi Ito accepted donations from Epstein (disguising their origin) as well as money for his personal investment funds. Ito also stayed at Epstein's residences.

In 2018, prosecutors in New York opened a new investigation of Epstein after a report in the *Miami Herald*. The *Herald* series identified new victims (bringing the total to over 60) and focused attention on Epstein's lenient plea deal. New York City investigators searched Epstein's mansion and confiscated thousands of photos of seminude and nude women and underage girls. Epstein was jailed for sex trafficking, accused of developing "a vast network" of girls he sexually exploited. A judge denied him bail, noting that he appeared to have an uncontrollable sexual attraction to young girls. The disgraced financier then killed himself in his cell even though he was under suicide watch after a previous suicide attempt.

Epstein may be dead, but the damage he did lives on. The girls he recruited, now women, are still dealing with trauma.

They feel betrayed by the original plea agreement and because Epstein's death means they have lost the chance to confront their abuser in court. Dershowitz and Prince Andrew were forced to deny that they engaged in sex with girls at Epstein's island. His closest friend, Ghislaine Maxwell, has been charged with procuring girls for Epstein and participating in their sexual abuse. Two prison guards are charged with lying about their failure to monitor Epstein while he was under suicide watch.

Acosta was forced to resign as secretary of Labor, the department that oversees labor laws, including human trafficking, for his role in arranging Epstein's plea deal. Media Lab director Ito also resigned. MIT president Rafael Reif apologized for boosting Epstein's reputation. "With hindsight," said Reif, "we recognize with shame and distress that we allowed M.I.T. to contribute to the elevation of his reputation which in turn served to distract from his horrifying acts."[3] (Harvard was much less contrite, saying it has no plans to return a $6.5 million gift received from the financier.) Epstein's case also eroded faith in the legal system, demonstrating once again that justice, instead of being blind to status differences, is weighted in favor of the powerful.

Discussion Probes

1. How did Epstein's power and wealth corrupt followers and those around him?
2. What responsibility, if any, do friends, colleagues, the institutions he supported, and law enforcement authorities have for facilitating Epstein's crimes?
3. Given Epstein's death, how can justice be done for his victims?
4. How can justice be made more "blind," ignoring differences in wealth and power?
5. Should colleges and other nonprofits accept donations from those convicted of serious crimes?

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2. Brown, J. K. (2018, November 28). How a future Trump cabinet member gave a serial sex abuser the deal of a lifetime*. The Miami Herald*.

3. Tracy, M., & Hsu, T. (2018, August 22). Jeffrey Epstein donations to M.I.T. will be focus of university inquiry. *The New York Times*.

Case Study 7.3: Rosalynn Carter: Partner in a Lifetime of Service

Many former presidential first couples live quiet lives. Ronald and Nancy Reagan retired to their ranch after leaving office, as did George W. and Laura Bush. The Obamas have spent much of their time writing their memoirs. Not so former president Jimmy Carter and his wife, Rosalynn. They have been just as active after leaving office in 1981 as they were in the White House. The Carters founded the Carter Center to foster world peace as well as to help eradicate diseases in developing nations. Each year the Carters spend a week on a Habitat for Humanity building project, helping to construct homes in the United States as well as in Hungary, Mexico, South Africa, and South Korea. On these projects, the Carters build and bunk with other volunteers, sleeping in tents and dormitories.

In addition to serving with Jimmy, Rosalynn pursues her own humanitarian projects, a pattern that extends back to their time in the Georgia governor's mansion and in the White House. In Georgia, she convinced Jimmy to establish a commission to improve treatment of the mentally ill, partnered with Special Olympics, and spent one day a week volunteering at a mental hospital. Rosalynn also worked to improve conditions for imprisoned women. As First Lady, she set out to promote a "caring society" by focusing on mental illness, the elderly, volunteerism, and childhood immunization.

Rosalynn was the first president's wife to have her own office in the White House in order to work on her projects. There she helped establish a commission on mental health, lobbied

for bills to help the elderly, encouraged volunteering, and co-led a campaign, called "Every Child by Two," which boosted childhood immunization rates to 90%. At the same time, she was active in national and international affairs, sitting in on cabinet meetings, advising the president, and traveling to Latin America on his behalf. According to Jimmy, "we became real partners in every aspect of our lives—but still managed to give each other plenty of space to do our own things."[1] One key moment in their relationship came when Jimmy asked Rosalynn to pack his suitcase during his run for president. She told him to pack it himself because she also needed to get ready. According to Rosalynn, "He's been packing his suitcase ever since."[2] To symbolize their partnership, they walked hand in hand during their inaugural parade.

Once out of office, Rosalynn continued to pursue her passions. The Carter Center hosts an annual symposium on mental health and offers fellowships to journalists who write on the subject. She acted as founding director of the Rosalynn Carter Institute for Caregiving, which assists organizations and individuals providing care, particularly to the elderly, and educates the public on the demands facing caregivers. Carter also coauthored two books on caregiving. She helped establish the Friendship Force to encourage international family exchanges. Rosalynn has been honored with a number of awards for humanitarian service and was the recipient of the U.S. Presidential Medal of Freedom.

Several life experiences help account for Rosalynn's strong work ethic as well as her commitment to helping others. Raised during the Great Depression in a home without indoor plumbing, she had to take care of her younger siblings when her father died when she was 13. "In my family, the women always have worked, and worked hard," she says.[3] Her

interest in mental health issues comes in part from witnessing the mental disabilities of two of Jimmy's cousins and then visiting a squalid mental hospital for children. She became concerned about the elderly and the demands on caregivers after seeing the struggles of her mother-in-law, Lillian Carter, and those who cared for her. She believes that her faith in God, which was rekindled as an adult, requires her to help. Jimmy puts it this way: "One of the things Jesus taught was: If you have any talents, try to utilize them for the benefit of others. That's what Rosa and I have both tried to do."[4]

Both in their 90s, the Carters, the longest-married presidential couple, have serious health problems. Rosalynn underwent a life-threatening intestinal surgery. The former president was treated for cancer and had surgery to relieve pressure on his brain caused by frequent falls. (Jimmy showed up at a Habitat building project in Nashville shortly after one fall, sporting a black eye and 14 stiches.) However, they remain committed to service despite their declining health, claiming "We still have work to do."[5]

Discussion Probes

1. What servant leadership attributes do you note in Rosalynn Carter? In Jimmy?
2. How do the Carters act as authentic leaders?
3. What trigger events do you note in Rosalynn's life?
4. What other factors, besides religious faith, motivate leaders to care for and to serve others?
5. Can you think of other leadership couples, like the Carters, who have dedicated themselves to service? What do you learn from their example as well as from the example of Rosalynn and Jimmy?

Source: Carter, R. (1984). *First Lady from Plains*. Houghton Mifflin.

Notes

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2. Kaufman, S. (2007). *Rosalynn Carter: Equal partner in the White House*. University Press of Kansas, p. 25.

3. Ibid., p. 5.

4. Carlson, A. (2019, October 15). *It's hard to live until you're 95*. Yahoo! News. www.yahoo.com/entertainment/hard-live-until-youre-95

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CHAPTER 8 IMPROVING GROUP ETHICAL PERFORMANCE

Learning Objectives

- Define competitive, individualistic, and cooperation orientations.
- Outline strategies for reducing social loafing.
- Distinguish between defensive and supportive communication behaviors.
- Explain how dissent is essential to avoiding group moral failure.
- Identity the symptoms of each group ethical danger sign.
- Compare and contrast groupthink and polythink.
- Describe ways to deescalate commitment.

Chapter Preview

Acting as a Morally Responsible Team Member

- Adopting a Cooperative Orientation
- Doing Your Fair Share (Not Loafing)
- Displaying Openness and Supportiveness
- Being Willing to Stand Alone

Responding to Ethical Danger Signs

- Groupthink
- Polythink
- Mismanaged Agreement
- Team Defense Mechanisms
- Escalating Commitment
- Moral Exclusion

Chapter Takeaways

Application Projects

Groups play a larger role than ever in the workplace. Most significant projects—creating a video game or film, building an apartment complex, opening a new market, raising money for a nonprofit—require the efforts of teams of people. Self-directed work groups are now charged with everything from organizing the assembly line to hiring and firing. Teams, not individuals, generally make important organizational decisions.

Groups tend to bring out the moral best and worst in us. If you're like me, some of your proudest moments are associated with small groups. Your team may have completed a service project for your local community or determined how to fairly distribute student fees to campus organizations. At the same time, some of your most regrettable moments (like mine) may also relate to group experiences. Your team may have made poor moral choices and convinced you to engage in unethical activities.

Transforming our teams so that they spur us to higher, not lower, moral performance is the goal of this chapter. Achieving that end requires that we act as morally responsible group members and help our teams steer clear of ethical dangers.

ACTING AS A MORALLY RESPONSIBLE TEAM MEMBER

Group membership does not excuse us from our individual ethical responsibilities. Quite the contrary; in small groups, our behaviors can have a significant impact on the team's ethical success or failure.[1] We have a duty to apply the concepts and skills discussed in earlier chapters—ethical theories, character, moral reasoning, and ethical communication competencies—to the team setting. In addition, we need to adopt a cooperative orientation, do our fair share of the work, be open and supportive, and offer dissent.

Adopting a Cooperative Orientation

In Chapter 4, we noted that the outcome of interpersonal communication is dependent on the attitude we bring to our conversations. The same is true for our group interactions. Groups committed to cooperation can accomplish great things. Conversely, if we lack this commitment to working together, our performance, as well as that of the team as a whole, is likely to suffer (see Case Study 8.1).

A cooperative orientation is based on the realization that an individual's success is dependent on the success of other team members.[2] To reach shared goals, everyone must do their part. This perspective stands in sharp contrast to individualistic and competitive points of view. Individualistic members rely on their own efforts to achieve their private agendas. For example, an individualist assigned to a class project group puts personal goals—developing a romantic relationship with someone else on the team, earning an A in another class—ahead of the collective goal of producing an excellent presentation. Competitive group members achieve their objectives at the expense of others. They want to earn the highest grade in the class, for instance, or get promoted ahead of other employees. In order to succeed, they may withhold information or claim too much credit for the group's success. (Complete Self-Assessment 8.1 to determine your orientation toward working with others.)

Individualism and competition are celebrated in Western culture but are counterproductive in small groups. In an analysis of the results of over 100 studies, brothers David and Roger Johnson and their colleagues found that in the vast majority of cases, cooperative groups had higher levels of achievement and productivity.[3] No matter the subject matter (math, psychology, physical education), task (problem solving, retention and memory, categorization), and age group (elementary school through adult), cooperative groups are more successful. That's because cooperative team members are more likely to do these things[4]:

- Help one another
- Put forth more effort and invest more time in completing the task
- Support (reinforce) the identities of other group members
- Accept influence from others
- Detect and correct errors in reasoning
- Generate more new ideas, strategies, and solutions
- Think clearly because they feel relaxed
- Engage in healthy conflict that refines solutions
- Develop positive relationships with other group members
- Understand the perspectives of other team members
- Share accurate messages and accurately interpret messages from others
- Provide positive feedback to other members, which builds self-esteem
- Value and accept differences
- Demonstrate a positive attitude toward the task

- Act in trustworthy ways
- Enjoy better psychological health
- Share resources

In light of this evidence, we have an ethical duty to behave in a cooperative manner while encouraging others to do the same. We need to ask ourselves if we are committed to the success of the group and can put aside our desire to pursue personal agendas and to best others. If we can't answer in the affirmative, a change in attitude or withdrawal from the group is in order. As group members, we should avoid playing these selfish group roles: (1) *the aggressor* who attacks the ideas, opinions, values, and beliefs of others, employs aggressive humor, and makes personal judgments; (2) *the blocker* who resists the input of others and brings up "dead" proposals after the team has rejected them; (3) *the recognition seeker* who claims to be more expert and knowledgeable on almost every topic; (4) *the player* who doesn't care or is cynical and jokes around at the wrong times; or (5) *the dominator* who demonstrates lack of respect, engages in disconfirmation, and frequently interrupts.[5]

To foster cooperation, engage in such communication behaviors as proposing compromises or concessions, carrying through on promises, pointing out the need to cooperate, asking for help, and accurately paraphrasing others' points of view.[6] The group as a whole needs to make sure that the team pursues a joint product, which fosters interdependence, and not a series of individual products, which encourages individualistic or competitive behavior. Collectively, members should divide the work fairly, hold individuals responsible for their assignments, reward the team as whole (not individual members), involve everyone in decision making, engage in constructive conflict (see Chapter 6), and emphasize shared values, like a commitment to service or quality.

Fostering cooperation is key to project management. Project managers direct teams that build bridges, develop new products, manage software installations, and carry out other major initiatives. We can adopt the strategies they use to encourage collaboration in our class project teams and other groups. Successful project managers engage in collaborative decision making, helping team members define their goals, logistics, schedules, subtasks, and deliverables as the group launches. They require documentation of individual and collective work through traditional (memos, project logs, reports) and electronic (blogs, online discussion) means. Such documentation keeps members informed about the activities of others and can help the team work together more effectively. Project leaders also encourage ongoing assessment and reflection. This allows members to adjust roles and assignments as needed to better coordinate their efforts.[7]

Self-Assessment 8.1: Preference for Group Work Scale

Instructions

Rate each item on the following scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Disagree somewhat*; 4 = *Neither agree nor disagree*; 5 = *Agree somewhat*; 6 = *Agree*; 7 = *Strongly agree*.

1. When I have a choice, I try to work in a group instead of by myself.	1	2	3	4	5	6	7
2. I prefer to work on a team rather than individually.	1	2	3	4	5	6	7
3. Working in a group is better than working alone.	1	2	3	4	5	6	7
4. Given the choice, I would rather do a job where I can work alone than a job where I have to work with others in a group.	1	2	3	4	5	6	7
5. I prefer to do my own work and let others do theirs.	1	2	3	4	5	6	7
6. I like to interact with others when working on projects.	1	2	3	4	5	6	7
7. I personally enjoy working with others.	1	2	3	4	5	6	7

Scoring

Reverse your scores on items 4 and 5. Then come up with a total score for all seven items. Scores can range from 7 to 49. The higher your score, the more you prefer working in a group, and the more likely you are to adopt a cooperative orientation when working in a team.

Source: Adapted from Shaw, J. D., Duffy, M. K., & Stark, E. M, (2000), Interdependence and preference for group work: main and conguence effects on the sastifaction and performance of group members. *Journal of Management, 26*(2), 250-279, pg. 276.

Cooperation between groups can be as important as cooperation within groups. The success of any organization depends in large part on the coordinated efforts of teams and units. Product designers, production staff, shippers, and marketers must work together to roll out a new athletic shoe; nurses, doctors, pharmacists, housekeeping staff, and dieticians coordinate their efforts to meet the needs of hospital patients; employees of newly merged companies have to integrate their products, production facilities, offices, and payroll.

Promoting intergroup cooperation—collaboration between organizational subgroups—can be challenging.[8] Often the units being asked to work together have been competing with one another for organizational resources like money, staff, and facilities. They may differ in status as well, as in the case of a business acquisition. Employees of the newly acquired firm have less power and may feel alienated as the dominant group tries to impose its values and culture on them. Group identities are the most significant barrier to intergroup coordination, however. Most of us define ourselves according to our group memberships, referring to ourselves as business students, engineers, salespeople, or lawyers. These group identities favor the in-group over the out-group. (See the discussion of moral exclusion later in the chapter.) In addition, we prefer leaders who put the interests of our group over those of outside groups.

If you are called upon to lead more than one team, you can promote intergroup collaboration by doing the following[9]:

1. *Encouraging interaction between units*. Provide opportunities for members of different teams to interact informally through meals, social activities, and shared hobbies. Emphasize the need to achieve a shared goal like rolling out a new product or overseeing a change initiative. Promote universal values like equality and respect for others.
2. *Creating an intergroup relational identity*. Encourage members to develop a dual identity, where they see themselves as members of the larger organization as well as members of their subgroups. Create dual identities by developing a shared vision and by emphasizing the importance of coordination. Remind units that collaboration helps each subgroup maintain its own unique goals and values.
3. *Boundary spanning*. Bridge or span groups by having frequent contact with members of every team. Develop quality relationships with individuals from all groups and be careful not to favor one unit over the other. Embody intergroup relational identity by leading both groups. Act as a role model for cooperation.

Doing Your Fair Share (Not Loafing)

Many attempts to create a cooperative climate falter because participants fail to do their fair share of the work. Scholars use the term *social loafing* to describe the tendency of individuals to reduce their efforts when working in a group. Interest in this phenomenon can be traced back to the 1880s. In one of the first experimental studies in social psychology, a researcher asked male volunteers to pull on a rope.[10] He discovered that as the size of the group increased, each man exerted less force. Modern investigators have determined that social loafing is common in all kinds of groups, and may be a bigger problem for groups that interact online because virtual teams are generally larger and less cohesive and feedback between members is delayed.[11] Individuals differ in their tendency to slack off. (Complete Self-Assessment 8.2 to determine your tendency to cut back on your efforts in a group.) Women and people from Eastern cultures are less likely to reduce their efforts, for example. Those who enjoy thinking maintain their efforts when engaged in intellectually demanding group activities. Conscientious individuals and those motivated by a high need for achievement continue to work as hard in a group as they do on their own. Students who value ethics are also less prone to loaf.[12]

Self-Assessment 8.2: Social Loafing Tendency Questionnaire

Instructions

Respond to each item on the following scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Neither agree nor disagree*; 4 = *Agree*; 5 = *Strongly agree*.

1. In a team, I am not indispensable.	1	2	3	4	5
2. In a team, I will try as hard as I can.	1	2	3	4	5
3. In a team, I will contribute less than I should.	1	2	3	4	5
4. In a team, I will actively participate in the discussion and contribute ideas.	1	2	3	4	5
5. In a team, it is okay even if I do not do my share.	1	2	3	4	5
6. In a team, it does not matter whether or not I try my best.	1	2	3	4	5
7. In a team, given my abilities, I will do the best I can.	1	2	3	4	5

Scoring

Reverse scores on items 2, 4, and 7 and then add up your score (range 7–35). The higher your score, the more likely you are to reduce your effort when working in a group.

Source: Ying, X., Li, H., Jian, S., Peng, F., & Zhonxin, L. (2014). Group laziness: The effect of social loafing on group performance. *Social Behavior and Personality*, 42, 465-472, p. 468. (https://doi.org/10.2224/sbp.2014.42.3.465). Used by permission.

Social psychologists Steven Karau and Kipling Williams developed the collective effort model (CEM) to identify the causes of social loafing.[13] They theorize that the motivation of group members depends on three factors: (1) *expectancy:* how much individuals expect that their efforts will lead to high group performance; (2) *instrumentality:* the strength of the perceived relationship between personal and group effort and group achievement; and (3) *valence:* how desirable the outcome is for individual group members. Motivation drops when any of these factors is low. Individuals are more likely to slack off in collectives because the group can still succeed even if they do less (low expectancy). Participants may also believe that the group won't succeed—win a majority of its games, secure a contract—no matter how hard they and their fellow group members try (low instrumentality). Or participants may not value the group's goal or outcome (low valence).

Investigators treat social loafing as undesirable, unethical behavior that undermines cooperation, encourages others to slack off for fear of being seen as "suckers," and diminishes the productivity of the group as a whole. In the university setting, loafing is a form of academic misconduct because, like cheating on a test, it gives an unfair advantage to some students at the expense of other students. Loafers often receive a higher grade than they deserve because the rest of the team did the work. Worse yet, other members had to do more than their fair share because the loafer did less. Students victimized by loafers may develop a negative attitude toward teamwork that they carry into the workforce.[14]

Karau, Williams, and other researchers have identified ways to reduce or eliminate social loafing through the following strategies. Each set of tactics is designed to address one of the three elements of motivation.[15]

Strategies for Increasing Expectancy

Take these steps to reinforce the tie between individual efforts and successful group performance:

- Select members carefully and match them to tasks.
- Provide training in needed skills.
- Set challenging yet realistic goals.
- Supply needed resources and support.
- Build feelings of self-efficacy.
- Raise the visibility of individual tasks.

- Monitor individual efforts.

Strategies for Increasing Instrumentality

Use the following to link individual performance to group performance:

- Make sure tasks are not too demanding.
- Reduce the size of the group so that members don't feel that their efforts are redundant.
- Point out that each member is making a unique, valuable contribution.
- Clarify how individual efforts relate to the team's final product.

Link group performance and outcomes this way:

- Recognize group work.
- Evaluate team products.
- Create norms that emphasize high performance standards.

Outcomes

Use these methods to increase the positive value of the group's collective product to members:

- Offer meaningful, interesting work that becomes intrinsically motivating.
- Provide tangible incentives like raises and bonuses.
- Encourage members to identify with the group.
- Strengthen the social bonds between members.
- Create norms that foster a sense of group pride and mutual obligation.

Displaying Openness and Supportiveness

Ethical team members are both open and supportive.[16] *Openness* refers to an individual's willingness to surface issues and talk about problems while, at the same time, enabling others to do the same. *Supportiveness* denotes the desire to help others succeed. Supportive group members encourage and defend others, help teammates overcome obstacles, and put the goals of the group first. These two characteristics work together. Openness by itself could pave the way for brutal honesty, insults, and sarcasm, so ethical issues must be discussed in a supportive manner. Otherwise, participants feel threatened and divert their attention from understanding and problem solving to defending themselves. Poorer ethical choices result.

Psychologist Jack Gibb identified six pairs of behaviors that promote either a defensive or a supportive group climate.[17] Our moral duty as group members is to engage in supportive communication that contributes to a positive emotional climate and accurate understanding. At the same time, we need to draw attention to the comments of others that spark defensive reactions.

Evaluation Versus Description

Evaluative messages are judgmental. They can be sent through statements ("What a jerk!") or through such nonverbal cues as using a sarcastic tone of voice or rolling one's eyes. Those being evaluated put up their guard. Insecure group members are likely to respond by assigning blame ("You messed up"), by making judgments of their own ("At least my proposal didn't go over budget"), and by questioning the motives of the speaker. Descriptive messages, such as asking for information and reporting data and feelings, create a more positive environment.

Control Versus Problem Orientation

Controlling messages imply that the recipient is inadequate—uninformed, immature, stubborn, overly emotional—and needs to change. Control, like evaluation, can be communicated through both verbal (issuing orders, threats) and nonverbal (stares, threatening body posture) means. Problem-centered messages ("What will be your next step?") reflect a willingness to collaborate in defining and solving problems. They demonstrate that the sender has no predetermined solution and give the receiver permission to set the direction.

Strategy Versus Spontaneity

Strategic communicators are seen as manipulators who try to hide their true motivations. They appear to be playing games, withholding data, or developing special sources of information. Worse yet, strategic communicators engage in "false spontaneity" by using gimmicks to disguise their intentions. Some supervisors solicit the input of employees in order to appear open-minded, for instance, when they have already made the decision. In contrast, behavior that is truly spontaneous (unplanned) and honest reduces defensiveness.

Neutrality Versus Empathy

Neutral messages, like "Don't worry" and "Don't take it personally," communicate little warmth or caring. These low-affect messages may be meant as supportive, but listeners come away feeling disconfirmed. Empathetic statements, such as "I can see why you would be worried" and "No wonder you were offended by the boss's comment," communicate reassurance and acceptance.

Superiority Versus Equality

Attempts at one-upmanship, like claiming to be smarter or more knowledgeable, generally provoke such defensive responses as ignoring the message, competition, and jealousy. Those claiming superiority communicate that they don't want help or need feedback and may try to reduce the social standing of receivers. Status and power differences are less disruptive if participants indicate that they want to work with others on an equal basis. Supportive communicators treat others as partners worthy of respect and trust.

Certainty Versus Provisionalism

Dogmatic, inflexible individuals claim to have all the answers and are unwilling to change or to consider other points of view. They have little patience with those they consider wrong. As a consequence, they appear more interested in being right than in solving the problem and maintaining group relationships. Gibb found that listeners often perceive the certainty of dogmatic individuals as a mask hiding their feelings of inferiority. Conversely, provisional individuals are willing to experiment and explore. They want to investigate issues instead of taking sides or controlling outcomes. These communicators gladly accept help from others as they seek information and answers.

Psychological safety is an important by-product of open, supportive communication. Psychological safety refers to the shared belief that individuals can speak up without fear of being embarrassed or rejected. Members trust and respect each other and know that they can challenge the leader's decisions if necessary.[18] Lack of psychological safety played an important role in the 1996 climbing disaster on Mount Everest.[19] That year, the leaders of two climbing groups and several of their clients died after getting caught in a storm. The climbers perished because they continued to the summit long after they should have turned back. Both clients and guides were reluctant to challenge the decision to continue on because they didn't feel safe doing so. Clients were strangers who didn't trust one another and feared being embarrassed if they expressed an unpopular opinion. Group leaders also made it clear that they weren't open to discussing issues or problems. One told his group that his word was "absolute law" and that he would tolerate no dissension during the climb.

Being Willing to Stand Alone

This final responsibility may be the toughest to assume. Being in the minority is never easy, because it runs contrary to our strong desire to be liked and accepted by others. Nevertheless, the difficulty of standing alone should not be an excuse for keeping quiet instead of speaking up. (Case Study 8.2 describes the courage of team members who decided to speak out despite the danger of doing so.) As we'll see in the second half of the chapter, team members' willingness to take issue with the prevailing group opinion is essential if the team is to avoid moral failure. Further, minority dissent can significantly improve group performance. Teams with minority members generally come up with better solutions even if the group doesn't change its collective mind.[20] Group members focus on one solution when there is no minority. They have little incentive to explore the problem in depth. As a result, they disregard novel solutions and converge on one position. Minorities cast doubt on group consensus, stimulating more thought about the dilemma. Members exert more effort because they must resolve the clash between the majority and minority solutions. They pay closer attention to all aspects of the issue, consider more viewpoints, and use a wider variety of problem-solving strategies. Such divergent thinking leads to more creative, higher-quality solutions. Responding to the dissenting views of minorities also encourages team members to resist conformity in other settings.[21]

In some cases, minorities are successful in persuading the rest of the group to their point of view. Often, this influence is slow and indirect. Majorities initially reject dissenters and their ideas but, over time, forget the source of the arguments and focus instead on the merits of their proposals. This can gradually convert them to the minority viewpoint.[22] However, minorities can have an immediate, powerful impact on group opinion under certain conditions.[23] Minorities are more likely to convince the rest of the group when members are still formulating their attitudes about an issue. Well-respected dissenters who consistently advocate for their positions are generally more persuasive.

Recognizing the importance of minority opinion should increase our motivation to play this role. We'll also need to exercise courage in order to accept the consequences for doing so. Teams can do their part to spark dissent by making sure that members come from significantly different backgrounds and perspectives and by protecting instead of attacking those who disagree.

RESPONDING TO ETHICAL DANGER SIGNS

Accepting our moral responsibilities is a good start to improving group ethical performance. However, we also need to be alert to moral pitfalls that arise during team interaction. These traps account for the ethical failure of a great many groups and their members. In this section, I'll identify six signs that indicate that a team is in ethical danger—groupthink, polythink, mismanaged agreement, team defense mechanisms, escalating commitment, and moral exclusion—and provide some suggestions for responding to the risks posed by each.

Groupthink

Earlier, I noted that adopting a cooperative orientation is critical to group success. However, there is significant danger in making team unity the group's primary goal. Social psychologist Irving Janis popularized the term *groupthink*, which describes teams that put unanimous agreement ahead of reasoned problem solving.[24] Janis first noted faulty thinking in small groups of ordinary citizens. For example, he observed one group of heavy smokers meeting to kick the habit who decided that quitting was impossible. One member had stopped, but the rest of the group pressured him back into smoking two packs a day.

The term *groupthink* became part of the national vocabulary largely based on Janis's analysis of major U.S. policy disasters, like the failure to anticipate the attack on Pearl Harbor, the invasion of North Korea, the Bay of Pigs fiasco, and the escalation of the Vietnam War. In each of these incidents, some of the brightest (and presumably most ethically minded) political and military leaders in our nation's history made terrible choices. More recent examples of groupthink include the *Challenger* and *Columbia* space shuttle disasters; the choice to invade Iraq; the decision to storm the Branch Davidian compound in Waco, Texas; the accounting fraud at WorldCom; and the collapse of Britain's HBOS bank.[25]

Groups are more likely to fall victim to this syndrome when they (1) are highly cohesive, (2) find themselves insulated or isolated from other groups, (3) lack decision-making formats like those described in Chapter 2, (4) have highly directive leaders and members who push for a particular solution, (5) close themselves off from outside information or use such information to reinforce their biases, and (6) are under stress with little hope of coming up with alternatives to the ideas offered by their leaders. These forces exert pressure on members to agree and produce the following symptoms, which I'll illustrate through examples taken from Janis's analysis of major policy disasters. The greater the number of these characteristics displayed by a group, the greater the likelihood that members have made cohesiveness their top priority.[26]

Signs of Overconfidence

1. *The illusion of invulnerability*. Members think they can do no wrong. They are overly optimistic and prone to take extraordinary risks. President Lyndon B. Johnson and his advisors kept escalating the war in Vietnam because they thought the North Vietnamese would back down. One policy maker later remarked, "We thought we had the golden touch."
2. *Belief in the inherent morality of the group*. Participants do not question the inherent morality of the group and therefore ignore the ethical consequences of their actions and decisions. In discussions of the Cuban Bay of Pigs operation (which resulted in the death or capture of all the invading troops), President John F. Kennedy's policy group barely noted the ethical implications of attacking a small neighboring country or of lying to the American public about the invasion. Later, during the deliberations that safely ended the Cuban missile crisis, many of the same group members debated at length the morality of a surprise air attack. The team decided that this option was not in the best, moral American tradition.

Signs of Closed-Mindedness

1. *Collective rationalization*. Group members invent rationalizations to protect themselves from any feedback that would challenge their operating assumptions. In 1941, U.S. naval officers rationalized that any enemy carriers headed for Hawaii would be detected before attack. Warships anchored in Pearl Harbor would be safe from torpedo bombs because the water was too shallow.

2. *Stereotypes of outside groups*. Decision makers underestimate the capabilities of other groups (armies, citizens, teams), thinking that people in these groups are weak or stupid. President Harry S. Truman and his advisors fell victim to the belief that the Chinese wouldn't be able to respond to an invasion of North Korea by the United States. As a result of this miscalculation, China entered the Korean conflict, and the war ended in a stalemate.

Signs of Group Pressure

1. *Pressure on dissenters*. Majority members coerce dissenters to go along with the prevailing opinion in the group. Former presidential advisor Bill Moyers felt the power of this pressure after taking issue with the escalation of the Vietnam War. When he arrived at one strategy discussion, President Johnson greeted him by saying, "Well, here comes Mr. Stop-the-Bombing."
2. *Self-censorship*. Individuals keep their doubts about group decisions to themselves. Perhaps because of being labeled as "Mr. Stop-the-Bombing," Moyers became a "domesticated dissenter" who only expressed reservations about a few details of the plan to ratchet up the war in Vietnam.
3. *The illusion of unanimity*. Since members keep quiet, the group mistakenly assumes that everyone agrees on a course of action. Historian Arthur Schlesinger, a participant in the Bay of Pigs planning sessions, had serious doubts about the project, but he and others remained silent because they assumed the group had consensus.
4. *Self-appointed mind-guards*. Certain members take it upon themselves to protect the leader and others from dissenting opinions that might disrupt the group's consensus. President Kennedy's brother Robert took this role during the Bay of Pigs decision. He told Schlesinger, "You may be right or you may be wrong, but the President has made his mind up. Don't push it any further. Now is the time for everyone to help him all they can.[27]

The symptoms of groupthink seriously disrupt the decision-making process. Members fail to consider all the alternatives, outline objectives, or gather additional information. They follow preconceived notions, are less likely to reexamine a course of action when it's not working, and don't carefully weigh risks or work out contingency plans. While groupthink undermines all types of decisions, it is particularly destructive to ethical reasoning. This helps explain why, in the 1980s, Beech-Nut employees decided to sell adulterated apple juice, and E. F. Hutton officials defrauded financial institutions by writing checks before they had deposited the funds to cover them. Nearly everyone (including employees of these two firms) would agree that selling "phony" apple juice to be consumed by children and bouncing checks are wrong. However, groupthink banished any moral considerations.[28]

Interest in the causes and prevention of groupthink remains high decades after Janis first offered his theory.[29] Contemporary researchers have discovered that social cohesion is dangerous, while task cohesion—agreement about how to complete the group's work—is not. Investigators note that self-directed teams, which incorporate an estimated 40% of the workforce, are particularly vulnerable to groupthink. Members work under strict time limits and are often isolated and undertrained. They may fail at first, and the need to function as a cohesive unit may blind them to ethical dilemmas.[30]

Janis and his successors offer the following suggestions for preventing groupthink:

- As a leader, don't express a preference for a particular solution; solicit ideas instead.
- Utilize a decision-making format. (See Ethical Checkpoint 8.1.)
- Divide the group regularly into subgroups, and then bring the entire group back together to negotiate differences.

- Construct and then debate counterproposals.
- Bring in outsiders—experts or colleagues—to challenge the group's ideas.
- Appoint individuals to act as devil's advocates at each session to air doubts and objections.
- Realistically assess dangers and anticipate possible setbacks.
- Train members to speak up.
- Encourage dissenting points of view.
- Think through the ethical implications of options.
- Adopt an optimistic frame of mind, viewing obstacles as opportunities and envisioning success.
- Develop group norms that encourage critical thinking about reasoning, assumptions, and alternatives.
- Avoid isolation; keep the group in contact with other groups.
- Initiate role play of the reactions of other groups and organizations to reduce the effects of stereotyping and rationalization.
- Once a choice has been made, give group members one last chance to express any remaining doubts about the decision.

Ethical Checkpoint 8.1

How to Have a Constructive Controversy

Creating a structure or process for constructive controversy is one way to avoid groupthink. Teams that engage in constructive controversy produce better decisions, including ethical ones. Their members benefit because they engage in higher-level reasoning, are motivated to learn more about the issue, are more attracted to fellow team members, and feel good about themselves. Constructive controversy is conflict over ideas—information, conclusions, and opinions—designed to produce a creative solution. (Turn to Chapter 6 for more information on constructive conflict.) The process is rooted in cooperation, with participants committed to coming up with a high-quality, ethical outcome.

In constructive controversy, participants advocate for a side and challenge other points of view in order to get a better understanding of the issue. It begins with members researching and preparing positions that they present to the rest of the group. Participants then analyze, evaluate, and refute opposing positions while defending their own proposals, which may require additional research. They then take other perspectives, communicating that they can see other points of view. (Asking members to present the best case for the opposing side is one way to ensure that they understand the other position.) The process ends with synthesizing and integrating information into a joint position that all sides can agree to.

For the constructive controversy to work, members should follow these norms:

1. *I am critical of ideas, not people*. I challenge and refute the ideas of others while confirming their worth as individuals. I don't communicate that I reject them.
2. *I separate my personal worth from criticism of my thoughts and ideas*.
3. *I remember that we are all in this together*. I focus on coming up with the best decision, not on winning.
4. *I encourage everyone in the group to participate and master all the relevant information*.
5. *I listen to everyone's ideas, even when I disagree*.
6. *I restate what someone else has said if I don't understand*.
7. *I differentiate before I try to integrate*. I bring out all ideas and facts from both sides and clarify the differences between them. I then identify points of agreement and combine them together in a way that makes sense.
8. *I try to understand both sides of the issue in order to understand the opposing position*.
9. *I change my mind when the evidence says that I should do so*.
10. *I emphasize reason when seeking the best possible answer, employing all available data*.
11. *I follow the golden rule of conflict:* act toward opponents as you would have them act toward you. Listen to them as you would want them to listen to you. Include their ideas as they include yours. See their perspective as they take your perspective.

Source: Johnson, D. W., Johnson, R. T., & Tjosvold, D. (2014). Constructive controversy: The value of intellectual opposition. In P. T. Coleman, M. Deutsch, & E. C. Marcus (Eds.), *The handbook of conflict resolution: Theory and practice* (3rd ed., pp. 76–103). Jossey-Bass.

Polythink

While groupthink is marked by excessive conformity, polythink is marked by extreme disunity. The term *polythink* comes from the word *poly*, which means "many." In fragmented groups, members bring many different viewpoints, goals, and perspectives to the decision-making process. They find it difficult and often impossible to agree on how to define the problem and how to solve it. Groupthink and polythink are opposite ends of the continuum shown in Figure 8.1. Groupthink reflects high levels of convergence; polythink marks high levels of divergence.

Description

Figure 8.1 Groupthink–Polythink Continuum

Source: Mintz, A., & Wayne, C. (2014). Group decision-making in conflict: From groupthink to polythink in the war in Iraq. In P. T. Coleman, M. Deutsch & E. Marcus (Eds.), *Handbook of Conflict Resolution: Theory and Practice* (3rd ed.), pp. 331-352, San Francisco: Jossey-Bass, p. 335. Used by permission.

Like Irving Janus, polythink theorists Alex Mintz and Carly Wayne focus their attention on high-level decision-making bodies, mostly U.S. presidential advisory groups involved in setting antiterrorism and Middle Eastern policies. They identify the following as symptoms of polythink based on their analyses.[31]

Greater likelihood for intragroup conflict. In Washington, DC, the CIA, the FBI, the military, and other groups protect their turf, fighting over how to combat terror.

Greater likelihood of leaks. Driven by competing perspectives, decision makers are more likely to leak information to undermine other members. For example, General Stanley McChrystal derided Vice President Joe Biden, Special Afghan Advisor Richard Holbrooke, and President Barack Obama in a *Rolling Stone* interview.

Confusion and lack of communication. Group members intentionally or unintentionally withhold information or send out mixed messages. Before the 9/11 attacks, for instance, "somewhere in CIA there was information that two known al Qaeda terrorists had come into the United States … Somewhere in FBI there was information that strange things had been going on at flight schools in the United States."[32] Nobody pulled this information together to identify the threat.

Greater likelihood of framing effects. Competing factions frame their preferences in the most favorable light at the expense of the other parties. (See Chapter 5 for a closer look at framing.) Close political aides to President Obama, who opposed further involvement in the Syrian civil war, highlighted the costs of intervening to arm the Syrian rebels. In contrast, CIA director David Petraeus, who supported greater involvement, framed his argument in terms of loss. If the United States didn't intervene, he argued, any gains from the Iraq/Afghanistan war would be lost as extremists entered the fight.

Adoption of positions with the lowest common denominator. Finding it difficult to reach agreement, members compromise to create a proposal that can garner majority support. President Obama campaigned on a 16-month pledge to draw down troops in Iraq, but military commanders pushed for 23 months. He and his advisors settled for 19 months as a compromise position, though it might not have been the best option.

Decision paralysis. Sometimes groups can't reach agreement even when seeking the lowest common denominator. In this case, they fail to act or revert to previous options. During his first term, Obama's advisors were unable to come up with new options to deal with Iran's nuclear threat. It wasn't until his second term that the president and his advisors were able to initiate a new strategy of negotiation.

Limited review of options. Debate becomes unwieldy in groups suffering from polythink. Leaders of these groups quickly eliminate some ideas from consideration to limit the discussion.

No room for reappraisal of previously rejected policy options. Polythink keeps groups from revisiting proposals because members don't want to reopen earlier topics, which can lead to rehashing prior disagreements.

Polythink, like groupthink, leads to defective and often unethical choices. Disunity helped keep law enforcement and intelligence agencies from preventing the 9/11 attacks. Confusion about how to intervene in Syria has helped create a humanitarian crisis, with 5 million refugees fleeing to other countries. Mintz and his colleagues attribute the collapse of the 2000 Israeli–Palestinian Camp David peace negotiations largely to polythink on the part of the Israeli delegation.[33] Failure of the talks sparked a Palestinian uprising, which left thousands dead and wounded on both sides, led to high unemployment and poverty in the Gaza Strip and West Bank, and undermined Israel's economy.

Mintz and Wayne conclude that groups generally make better decisions when they operate between uniformity and disunity, both converging and diverging.[34] The most effective, and the most ethical, groups operate in the middle of the continuum—balanced con-div. Members of these groups have different viewpoints but aren't so diverse that they can't ever reach agreement. Such teams are best equipped to engage in thorough decision making, considering a variety of options while coming to and executing a well-considered plan of action. Choosing the right mix of members is key to a balanced approach. Form groups made up of members with divergent perspectives (to avoid groupthink) who agree on broad objectives and share worldviews (to avoid polythink). For example, a team tasked with formulating a corporation's sustainability initiatives should be made up of members from a variety of departments and divisions. At the same time, participants should share a commitment to the importance of protecting the environment and improving their company's sustainability performance.

Mismanaged Agreement

Groups frequently run into trouble when members publicly express their support for decisions that they oppose in private. Former George Washington University management professor Jerry Harvey referred to this phenomenon as *mismanaged agreement*, or the Abilene Paradox.[35] He described a time when his family decided to drive (without air-conditioning) 100 miles across the Texas desert one hot July afternoon, from their home in Coleman to Abilene, so they could eat a bad meal at a rundown cafeteria. After returning home, family members discovered that no one had really wanted to make the trip. Each had agreed to go to Abilene on the assumption that everyone else in the group was enthusiastic about eating out.

Harvey believed that failure to manage agreement, not failure to manage conflict, is the biggest problem facing organizations. Like his family, teams also take needless "trips":

> I now call the tendency for groups to embark on excursions that no group member wants "the Abilene Paradox." Stated simply, when organizations blunder into the Abilene Paradox, they take actions in contradiction to what they really want to do and therefore defeat the very purposes they are trying to achieve.[36]

Members of groups caught in the Abilene Paradox agree in private about the nature of the problem and what ought to be done about it. However, they fail to communicate their desires and beliefs, misleading others into believing that consensus exists. Based on faulty assumptions, members act in counterproductive ways that undermine their purposes. They agree to sell products that they don't believe in, to promote employees who they think are unqualified, to file lawsuits that they think will fail, to offer coursework that they know won't meet the needs of students, and so forth.[37] These actions generate lots of anger and irritation, and participants blame each other for the group's failures. The cycle of miscommunication and misunderstanding continues unless confronted.

Why do members publicly support decisions they privately oppose? Harvey offered the following five psychological factors to account for the paradox:

1. *Action anxiety.* Group members know what should be done but are too anxious to follow through on their beliefs. They choose to endure the negative consequences of going along—professional and economic failure—instead of speaking up.
2. *Negative fantasies.* Action anxiety is driven in part by the negative fantasies members have about what will happen if they voice their opinions. These fantasies ("I'll be shunned or branded as disloyal") serve as an excuse for not attacking the problem, absolving the individuals—in their own eyes—of any responsibility.
3. *Real risk.* There are risks to expressing dissent: getting fired, losing income, damaging relationships. However, most of the time the danger is not as great as we think.
4. *Fear of separation.* Separation, alienation, and loneliness constitute the most powerful force behind the paradox. Ostracism is strong punishment. Group members fear being cut off or separated from others. To escape this fate, they cheat, lie, take bribes, use accounting tricks to boost earnings, and so forth.
5. *Psychological reversal of risk and certainty.* In the Abilene Paradox, participants let their negative fantasies drive them into real dangers. Fearing that something bad may happen, decision makers act in a way that fulfills the fantasy. For instance, group members may support a project with no chance of success because they are afraid they will be fired or demoted if they don't. Ironically, they are likely to be fired or demoted anyway when the flawed project fails.

Harvey took issue with proponents of groupthink who blame moral failure on group pressure, asserting that as long as we can blame our peers, we don't have to accept personal responsibility. In reality, we always have a choice as to how we respond. He used the *Gunsmoke* myth to drive home this point. In this myth, the lone Western sheriff (Matt Dillon in the radio and television series *Gunsmoke*) stands down a mob of armed townsfolk out to lynch his prisoner. If group tyranny is really at work, Harvey argued, Dillon stands no chance. After all, he is outnumbered 500 to 1 and could be felled with a single bullet from one rioter. The mob disbands because its members really didn't want to lynch the prisoner in the first place.

Breaking out of the paradox begins with diagnosing its symptoms in your group or organization. Important indicators of mismanaged agreement include frustration, contradictions between privately and publicly expressed opinions, and the inability to solve problems. If you believe that the group is on its way to its own Abilene, call a meeting where you own up to your true feelings and invite feedback. The team may immediately come up with a better approach, or it may engage in extended conflict that generates a more creative solution. You might suffer for your honesty, but you could be rewarded for saying what everyone else was thinking. In any case, you'll feel better about yourself for speaking up.

Team Defense Mechanisms

Team defense mechanisms or routines function like the body's immune system. However, instead of protecting the body from disease, defensive routines are designed to protect group stability.[38] Defensive routines aren't discussed. In fact, even discussing the undiscussability of undiscussable routines is undiscussable. Important issues remain hidden as a result. One common defense mechanism is blaming outsiders—the organization, senior executives, other teams or departments, clients—for the problems of the team. Doing so allows the group to ignore what's happening within the group, like the poor performance of incompetent team members and unresolved conflicts. Members fail to get to the root causes of their issues. Another defense mechanism is resisting change. Trying to implement a sensible solution generates hostility because innovations threaten the status quo.

Defensive routines keep groups from reaching their potential, allow destructive conflicts to fester, cover over ethical lapses, and so on. They even put people in danger. Consider the defense mechanisms of health care teams, for instance. Surgical teams who "keep the peace" by failing to report incompetent surgeons put patients at risk. This may help account for the fact that, in the United States, surgeons leave sponges and towels inside patients' bodies a minimum of 30 times a week; perform the wrong procedure on patients 20 times a week; and operate on the wrong part of the body 20 times a week.[39]

Defensive routines are most common in teams housed in organizations with "blame cultures." In these organizations, members react to failures and errors by looking for someone or something to blame. They make no attempt to learn from what happened. You can overcome team defense mechanisms by encouraging learning instead of blaming. Ask: *What* (not *who*) was the underlying cause of the failure or problem? What can we learn about how we work from what happened? How can we change how our group works so that we don't have this problem again? Look beyond efficiency—*doing things right*—to ask questions about effectiveness—*doing the right things*. Probe to find out why members resist change. At times you might want to celebrate failure to encourage experimentation. For example, the chief scientific officer at Eli Lilly introduced "failure parties" to honor failed experiments that didn't generate the expected results. Acknowledging failure allowed the company to redeploy scientists quickly, saving hundreds of thousands of dollars.

Escalating Commitment

As we've seen, one of the products of mismanaged agreement is continuation along a failed course of action. Social psychologists refer to this phenomenon as the *escalation of commitment*.[40] Instead of cutting their losses, groups redouble their efforts, pouring in more resources. Costs continue to multiply, until the moment when the team finally admits defeat. Escalating commitment helps explain why bankers continue to loan money to problem borrowers (see Case Study 8.3), why managers maintain support for failing employees, why nations continue to pour resources into hosting the Olympics (the average games go over budget by 156%), why universities invest in failing football programs, and why investors put more money into declining stocks. Well-publicized cases of this phenomenon include creation of the automated baggage system at the Denver International Airport (which delayed the opening of the airport and never worked), the decision to introduce the New Coke, and the failed Shoreham Nuclear Power Plant. Costs for the Shoreham project on New York's Long Island ballooned from $75 million to over $5 billion over a 23-year period. The installation failed to produce a single kilowatt of electric power. Escalation of commitment also played a role in the Everest tragedy in 1996 noted earlier as well as in a similar disaster on K2 in 2008. Clients paid $60,000 to $70,000 to summit these mountains. Once they were near the top, it was very difficult to convince some of them to turn around after they had invested so much time, money, and effort. Instead, they fell victim to "summit fever" and put themselves in grave (and sometimes fatal) danger.

Teams may stay the course to justify their earlier choices, to remain consistent, and to retain their credibility. (In some cases, the larger organization pressures them to continue.) Group members may have a personal stake in continuing the project because their jobs and reputations are at stake. They often hope to recoup their "sunk costs" (previous investments). Setbacks are viewed as temporary; success is seen as just around the corner. Groups have a tendency to take more risks than individuals (a phenomenon referred to as *risky shift*), which can encourage members to contribute more resources than they would on their own. Teams also fall victim to cognitive biases that encourage escalation. They may (1) ignore negative feedback or interpret evidence so it supports their point of view (selective perception), (2) believe that they have more control over outcomes than they actually do (illusion of control), (3) blame those who bring bad news, and (4) become overconfident based on past successes.[41]

Group members have a moral obligation to avoid escalation of commitment. Continuing to invest in doomed projects wastes resources that could go to better uses and puts the organization at risk. Often, maintaining a failing course of action involves unethical behaviors, like overstating potential benefits or hiding safety problems. (See Contemporary Issues in Organizational Ethics 8.1 for more information about the risks of quitting too soon.) We can take a number of steps to deescalate commitment to destructive courses of action.[42] First, don't ignore negative feedback or external pressure. Combat the tendency to be overly optimistic by being alert to red flags like missed deadlines, cost overruns, and pressure from outsiders who take issue with the project. Second, bring new group members or leaders into the group who are less invested in the program. Third, hire an outside auditor to provide a "fresh set of eyes" to assess the severity of the problem and to suggest alternative courses of action. Fourth, don't be afraid to withhold further funding until more information can be gathered. Fifth, look for opportunities to deinstitutionalize the project by separating it from the key goals of the organization or by isolating it physically. Corporations frequently spin off troubled units, for example, and risky projects can be redefined as "experiments."

Contemporary Issues in Organizational Ethics 8.1: Premature Abandonment

Prematurely abandoning projects poses its own set of dangers. Organizations lose their investments and possible benefits to employees, clients, investors, communities, and other stakeholders. Professor Helga Drummond points to a number of cases where organizations quit too soon. Both Microsoft and Hewlett-Packard developed and then abandoned tablet computers before Apple came out with its wildly successful iPad, for instance. U.S. firms routinely divest themselves of foreign operations that still generate a profit. Drummond also cites examples of successes that came when teams persisted despite time and cost overruns: BP's discovery of oil in Libya, the renovation of London's Savoy Hotel and Australia's Sydney Opera House, and the construction of the Amsterdam subway.

A number of factors push managers into prematurely ending projects. They are averse to loss, can't tolerate failure, feel locked into previous time limits and budgets, are new to the project, and so on. The danger of erroneous abandonment is greatest in the middle of the project, when completion and anticipated benefits—higher revenue, better transportation, nicer facilities—seem far away.

There is no magic formula for determining when to persist or to let go. However, Drummond suggests keeping the project on track to prevent doubts from taking hold, though the scale of the project may need to be cut back. Don't create a self-fulfilling prophecy by expecting failure. Weigh the hidden benefits of persistence. (Even failure can generate useful information that can be used in future projects.) Consider the options that will be lost if the program is abandoned. Answer the following questions: "What is one good reason to persist with this project?" "What is one good reason to pursue an alternative?" If other similar projects have succeeded elsewhere, then be reluctant to abandon this effort.

Source: Drummond (2014).

Moral Exclusion

The worst examples of group behavior arise out of the process of moral exclusion. In moral exclusion, group and societal members set a psychological boundary around justice.[43] Those inside the boundary treat each other fairly, are willing to sacrifice for one another, and share collective resources. However, insiders treat outsiders much differently. Fairness is no longer a consideration. Those beyond the scope of justice (often members of low-status groups) are seen as unimportant and expendable. Insiders don't feel remorse when outsiders are harmed but believe that the mistreatment is morally justified.

Mild forms of exclusion are part of everyday life and include, for example, acting in a patronizing manner, applying double standards to judge the behavior of different groups, and making unflattering comparisons to appear superior to others. A case of ordinary exclusion would be a work team that mocks other groups while excusing its own failings. Extreme forms of exclusion produce human rights violations, torture, genocide, and other atrocities. For instance, Japanese soldiers in World War II viewed the Chinese with contempt. Murdering them was no more troubling than "squashing a bug or butchering a hog."[44] Driven by this belief, they were willing to rape, torture, and slaughter civilians in the Chinese city of Nanking, killing approximately 300,000 residents. Similar exclusionary reasoning has been used to justify genocide in Serbia and Guatemala, attacks on villages in the Darfur region of Sudan, the execution of captured Iraqi soldiers by Islamic State militia members, and the abuse of prisoners at Abu Ghraib prison. A list of the symptoms of moral exclusion is given in Table 8.1.

Dispute resolution expert Susan Opotow believes that moral exclusion progresses through five stages or elements, which can reinforce one another. The presence of one or more of these elements serves as a warning that this danger is present.[45]

1. *Conflicts of interest are salient.* Moral exclusion is more likely to occur during conflicts where one group wins at the expense of the other. As tensions increase, members separate themselves from their opponents, focusing on differences based on religion, education, ethnic background, social status, skin color, job functions, and other factors.
2. *Group categorizations are salient.* The characteristics of members of the opposing group are given negative labels, dividing the world into those who deserve empathy and help and those who don't. These derogatory labels excuse unfair treatment and negative outcomes. For example, anti-immigrant rhetoric has a long history in the United States. In the late 1800s, newspapers and books warned of a "Chinese invasion" that would one day overthrow the country. Congress then passed the Chinese Exclusion Act, which banned residents of an entire nation from entering the country. More recently, President Donald Trump and others have used invasion rhetoric to refer to Mexican and Central American immigrants. Trump declared, "We cannot allow all of these people to invade our country." He also described undocumented immigrants as insects when complaining that there has been an "infestation" of gang members from Central America. This language laid the groundwork for policies that separate immigrant children from their parents and house them in substandard facilities, detain pregnant women, and deport longtime residents.[46]
3. *Moral justifications are prominent.* Damaging behavior is justified and even celebrated as a way to strike a blow against a corrupt foe. Such exclusionary moral claims are self-serving, excuse wrongdoing, and set boundaries by denigrating outsiders. For instance, Hutu leaders in Rwanda whipped their followers into a murderous rage by playing on their resentments toward their higher-status Tutsi neighbors.
4. *Unjust procedures are described as expedient.* Harm is often disguised through policies and procedures, what some observers label "administrative evil."[47] In administrative evil, ordinary people commit heinous crimes while carrying out their daily tasks as "good" professionals. The Holocaust demonstrates administrative evil in action. Extermination camps would not have been possible without the cooperation of thousands of civil servants who identified "undesirables" and seized their assets, managed the ghettos, built concentration camp latrines, and shipped prisoners

to their deaths. Procedures can be identified as unjust when they fail to serve the interests of those they are supposed to benefit. For example, government bureaucrats in the United States and Australia claimed to be helping indigenous peoples even as they stole their lands and tried to eradicate their cultures. Military officials in Japan believed that committing atrocities would ultimately benefit the Chinese because, once subjugated, they would prosper under Japanese rule.

5. *Harmful outcomes occur.* The negative products of exclusion are both physical and psychological. Members of excluded groups not only suffer physical harm; they suffer from a loss of self-esteem and identity as they internalize the negative judgments of the dominant group. Perpetrators also pay a high price. They have to expend significant energy and resources to deal with conflicts, excuse their conduct, and maintain exclusionary systems (i.e., border walls, expanded detention facilities). The harm they cause overshadows any good that they do.

Table 8.1 Symptoms of Moral Exclusion

Symptom	**Description**
Double standards	Having different norms for different groups
Concealing effects of harmful outcomes	Disregarding, ignoring, distorting, or minimizing injurious outcomes that others experience
Reducing moral standards	Asserting that one's harmful behavior is proper while denying one's lesser concern for others
Utilizing euphemisms	Sanitizing harmful behavior and outcomes
Biased evaluation of group comparisons	Making unflattering between-group comparisons that bolster one's own group at the expense of others
Condescension and derogation	Regarding others with disdain
Dehumanization	Denying others' rights, entitlements, humanity, and dignity
Fear of contamination	Perceiving contact or alliances with other stakeholders as posing a threat to oneself
Normalization and glorification of violence	Glorifying and normalizing violence; viewing violence as an effective, legitimate, or even sublime form of human behavior while denying the potential of violence to damage people, the environment, relationships, and constructive conflict resolution processes
Victim blaming	Placing blame on those who are hated

Symptom	Description
Deindividuation	Believing that one's contribution to social problems is undetectable
Diffusing responsibility	Denying personal responsibility for harms by seeing them as the result of collective rather than individual decisions and actions
Displacing responsibility	Identifying others, such as subordinates or supervisors, as responsible for harms inflicted on victims

Source: Opotow, S., Gerson, J., & Woodside, S. (2005). From moral exclusion to moral inclusion: Theory for teaching peace. *Theory into Practice, 44*(4), 303–318, p 307. Taylor & Francis Ltd, www.informaworld.com, reprinted by permission of the publisher.

Opotow argues that adopting a pluralistic perspective—one that acknowledges the legitimacy of a variety of groups—can help us deter moral exclusion at each stage of its development.[48] This approach sees conflicts as opportunities to integrate the interests of all parties, not as win-lose battles. Members of pluralistic groups enlarge the definition of moral community by including people of all categories and try to understand their perspectives. Participants engage in critical analysis of moral justifications, calling into question suspect claims at the same time they develop equitable procedures for distributing resources. They also support dissenters.

Chapter Takeaways

- Your behavior will have a significant impact on your team's ethical success or failure.
- Adopt a cooperative orientation, not an individualistic or competitive perspective, and encourage others to do the same.
- Do your fair share. Combat the tendency to engage in social loafing by strengthening connections between individual effort and group performance as well as between group performance and group success. Increase the positive value of the team's collective product to members.
- Be open and supportive. Talk about issues and help others to succeed. Promote a supportive climate by engaging in communication that is descriptive, problem oriented, spontaneous, empathetic, egalitarian, and provisional. Create an atmosphere in which members feel safe to discuss problems and challenge leaders.
- Have the courage to stand alone. Expressing a minority opinion is key to avoiding moral failure and increases group decision-making effectiveness even when the majority does not adopt the dissenters' point of view. In some cases, you might convert the rest of the group to your way of thinking.
- Signs of groupthink—putting unanimity ahead of careful problem solving—include overconfidence (the illusion of invulnerability and belief in the inherent morality of the group), closed-mindedness (collective rationalization and stereotypes of outside groups), and group pressure (pressure on dissenters, self-censorship, the illusion of unanimity, and self-appointed mind-guards).
- Reduce the likelihood of groupthink by (1) withholding your initial opinion, (2) dividing the group into subgroups, (3) bringing in outsiders, (4) keeping the group in contact with other groups, (5) role-playing the reactions of other teams, and (6) revisiting the decision.
- Polythink is the product of disunity. Symptoms of polythink include (1) greater likelihood for intragroup conflict, (2) greater likelihood of leaks, (3) confusion and lack of communication, (4) greater likelihood of framing effects, (5) adoption of positions with the lowest common denominator, (6) decision paralysis, (7) limited review of options, and (8) no room for reappraisal of previously rejected policy options. Strike a balance between convergence and divergence by selecting a variety of participants who share a common purpose.
- Mismanaged agreement—the Abilene Paradox—occurs when members publicly express support for decisions that they oppose in private. The group then acts in counterproductive ways that undermine its goals. Owning up to your doubts can stop the team from taking unwanted "trips."
- Defense mechanisms or routines protect group stability at the expense of performance and ethical concerns. Focus on learning from setbacks instead of assigning blame.
- Groups trapped in escalating commitment pursue failed courses of action, continuing to pour in additional resources when they should go in another direction instead. Deescalate the situation by noting warning signs, bringing in new members or outside auditors, withholding funding, and deinstitutionalizing the project—making it less central to group goals and physically isolating it.

- Resist the temptation to engage in moral exclusion—placing members of other groups outside the scope of justice where the rules of fairness do not apply. The five stages or elements of moral exclusion are these: (1) Conflicts of interest are salient. (2) Group categorizations are salient. (3) Moral justifications are prominent. (4) Unjust procedures are described as expedient. (5) Harmful outcomes occur. Deter moral exclusion by adopting a pluralistic perspective that respects the rights of all groups.

Application Projects

1. What was your best small-group experience? Your worst? What accounts for the differences between these two experiences? How would you rate the moral behavior of each group?
2. Interview a project manager. What strategies does this individual use to foster collaboration and individual and team accountability? Report your findings to the rest of the class.
3. Record a group discussion, and then identify and categorize the defensive and supportive comments made by team members. What do you conclude about the communication climate of the group? Report your conclusions to the team you observe.
4. Rate your performance as a morally responsible group member. What behaviors do you demonstrate? Need to develop? What steps can you take to improve?
5. If you are part of an ongoing team, meet together to discuss members' collective orientation toward group work using the results from Self-Assessment 8.1. Create an action plan to foster more collaboration.
6. Reflect on your responses to Self-Assessment 8.2. What is your current attitude toward decreasing your effort in a group? What steps can you take to do your fair share? Is social loafing in a school team a form of cheating as some ethicists claim? Why or why not?
7. How can groups strike a balance between convergence and divergence? To operate between groupthink and polythink? Write up your conclusions.
8. Create a case study based on a group that fell victim to escalation of commitment. Why did the group stay the course? What was the end result? What do you learn from the case? As an alternative, write a case study based on a group that quit too soon, prematurely abandoning a project or idea.
9. Examine a significant conflict between groups that produced negative outcomes. Analyze the role played by moral exclusion in this situation. Provide examples of the five elements of exclusion in action. Write up your findings.
10. Which of the dangers described in the chapter does the most damage to the ethical performance of groups? Defend your choice.

Case Study 8.1: From "Dream Team" to Nightmare

They were the team of the century, at least on paper.

In 2011, the Philadelphia Eagles of the National Football League assembled an impressive roster of stars. Players, coaches, and front-office executives gushed about the Eagles' potential and expectations. Then, to top it all off, the Eagles added Nnamdi Asomugha, rated as one of the best defensive players in football.

Eagles quarterback Vince Young, impressed by the talent around him, spoke for many in the organization when he called the group a "Dream Team." He then went on to say, "It's just beautiful to see where we're trying to go."[1]

The "Dream Team" moniker instantly stuck. The label hearkened back to the 1992 U.S. Olympic men's basketball team, a team that many consider to be the greatest ever assembled. Headlined by Michael Jordan, Magic Johnson, and Larry Bird, the 1992 Dream Team won every game that it played by an average of 43.8 points. Perhaps most impressive about the Olympic team was every player's commitment to the betterment of the team at the expense of his own personal statistics like points, steals, and rebounds. Emblematic of this team commitment was the fact that the squad's leading scorer was Charles Barkley, not Jordan, Johnson, or Bird. The team's focus on winning a gold medal for their country overshadowed any concern for individual achievements.

Where the USA Dream Team galvanized around a shared goal of Olympic gold, the Eagles' players seemed focused on how being part of a great team would advance their own careers. The team lacked the chemistry so essential for success. Said Eagles player Cullen Jenkins, "We didn't jell together well. There were different personality types. We didn't come together as a unit."[2]

Young's Dream Team remark drew attention in the media and across the rest of the league. Opposing players and teams set out to prove that the Eagles' confidence was premature. Week after week, the Eagles got their opponents' best effort.

In many cases, such adversity will cause a team to band together in order to succeed despite opposition. The Eagles, however, seemed to fold under pressure. Famous players who had signed multimillion-dollar contracts seemed to have lost a step, failing to adapt to their new team and coaches. As the season wore on, rumors began to circulate about friction within the locker room. Asomugha, once thought to be the crowning jewel of the team's many new players, sat and ate in his car rather than join his team for meals. Even following wins, players would complain if they did not get the individual numbers—tackles, catches, touchdowns—they wanted. Players were caught on camera hanging their heads during games and failing to give optimum effort. The team limped to an 8–8 finish, missing the playoffs. The next season was disastrous, as the Eagles lost 12 of 16 games, including 11 of their final 12, to finish last in their division.

By 2013, a mere two years after Young's infamous quote, the "Dream Team" was no more. Players were released or traded by the team. The Eagles' longtime head coach, Andy Reid, was let go. The team's owner, Jeffrey Lurie, expressed that it was "time for the Eagles to move in a new direction."[3] The 2011 Philadelphia Eagles became a cautionary tale across the league, a reminder of the importance of team chemistry over all else.

Discussion Probes

1. How do you define "team chemistry"? Is team chemistry more important than talent when it comes to group performance?
2. How can a team prevent itself from becoming overconfident?
3. How did Eagles players fail to carry out their individual ethical responsibilities?
4. Do you see any group ethical danger signs in the 2011 Eagles team?
5. If you were hired to coach the 2011 Eagles, what steps would you take to ensure that the team fulfilled its promise?

Source: Boylan, J. (2011, December 26). *Philadelphia Eagles: From dream team to team delusional*. Bleacher Report. https://bleacherreport.com/articles/998171-philadelphia-eagles-from-the-dream-team-to-team-delusional

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2. Ibid.

3. Rosenthal, G. (2012, December 31). *Philadelphia Eagles' firing of Andy Reid now official.* NFL. http://www.nfl.com/news/story/0ap1000000119938/article/philadelphia-eagles-firing-of-andy-reid-now-official

Case Study 8.2: Navy SEALS: Breaking the Code of Silence

Navy SEALs are modern-day American heroes. Their toughness, bravery, and battlefield success are celebrated in books (*Extreme Ownership*, *Fearless*), television shows (*Seal Team*, *Seal Team 6*), and movies (*Lone Survivor*, *Zero Dark Thirty*). SEALs have taken the lead in the fight against insurgents in Iraq and Afghanistan. It was a team of Navy SEALs who slipped into Pakistan and killed Osama bin Laden.

Navy SEALs are a highly selective group. To be admitted to SEAL training, applicants must pass a series of demanding fitness tests and medical screenings. Once admitted, they spend 2.5 years before their first deployment mastering such skills as underwater demolition, parachuting, and special warfare. (Only 20% of those who enter the training program complete it.) The Trident pin, awarded at the end of the training period, identifies them as members of this elite fighting force.

Recently, the heroic image of the Navy SEALs has been tarnished by a series of scandals. Two SEALs stationed in Africa are accused of strangling a Green Beret. A platoon of SEALs was sent back to the United States from Iraq following accusations of sexual assault and drinking. A group of SEALs stationed in Virginia snorted cocaine while on the job and cheated urinalysis tests. A former SEAL was sentenced for manufacturing child pornography and molesting his daughter. In a case that made national headlines, Navy SEAL commander Eddie Gallagher was charged with war crimes. He was accused of shooting at unarmed civilians and murdering a teenage Islamic State prisoner and then posing with his corpse. Gallagher was acquitted of the murder charges but was convicted of posing with the body. President Trump then pardoned Gallagher, releasing him based on his past service to the nation.

Alarmed by the scandals, General Richard Clarke, head of the U.S. Special Operations Command, ordered a review of the ethics and culture of the SEALs. The Navy's outgoing top admiral urged special operations troops to continue to emphasize "the ethical dimension of what we do." He argued that recent issues stemmed from the fact that the commandos were deployed for years, contributing to battlefield stress and putting strain on the character of SEALs. "Your character is like a muscle," according to Richardson. "It sort of gets stronger when you train it, and then it gets fatigued when you strain it and you use it a lot."[1] Others believe that the success of the SEALs has encouraged members to think they are above the law. According to a former military judge, "SEALs, it seems to me, have been seeing themselves as God-like on the battlefield, and there is a real danger in taking that view of one's unit or one's self. I think that this [the Gallagher case] will alert the SEAL community that the rules apply to them."[2]

In the past, SEALs spoke little about personal achievements. They focused on the group instead, following the provision of the SEAL creed where SEALs pledge to "not advertise the nature of my work, nor seek recognition for my actions." Now, more SEALs are out to cash in on their fame. Two SEALs have written books claiming that they were the ones who fired the shot that killed Osama bin Laden. Members of Gallagher's command stated that their leader was out to kill as many insurgents as he could (including women and children) while competing for promotions and earning medals. Gallagher plans on starting his own Navy SEAL–themed clothing line after leaving the Navy.

Gallagher's case illustrates the obstacles facing those who hope to reform the SEALs. Trump's pardon could discourage others, who already face tremendous pressure from their peers, from reporting misconduct. SEALs risk retaliation (including violence) and ostracism from the SEAL brotherhood for breaking the group's code of silence. An unwritten rule in SEAL teams is that members should not report others for misconduct. Doing so can cut them off from desirable

assignments or end their careers. Going outside the SEAL community could mean being branded as a traitor.

Members of Gallagher's team, who described their chief as "freaking evil" and "toxic," were obviously upset and frightened when they came in to the Naval Criminal Investigative Service to testify about his battlefield behavior:

> The Navy SEALs showed up one by one, wearing hoodies and T-shirts instead of uniforms, to tell investigators what they had seen. Visibly nervous, they shifted in their chairs, rubbed their palms and pressed their fists against their foreheads. At times they stopped in midsentence and broke into tears.[3]

Despite their fears, team members decided to go forward, even when the Navy initially ignored their testimony. Said one, "I am also convinced that that we are gonna answer to a higher power someday, and everything happens for a reason. Not compromising our integrity and keeping right on our side is all we can do."[4]

Discussion Probes

1. What is your image of the Navy SEALs? Have you seen any films or television shows or read any books describing their exploits and operating principles?
2. Have long deployments contributed to ethical breakdowns in SEAL units? Do you agree that character is like a muscle, which weakens if overused?
3. How can the Navy discourage SEALs from focusing on individual achievements and profiting from their military service?
4. What can be done to encourage members of elite fighting groups to break the code of silence?
5. What signs of groupthink do you see in SEAL teams?
6. Was President Trump justified in pardoning Gallagher? Why or why not? What might be the long-term consequences of doing so?

Sources: Hennigan, W. J. (2019, November 27). Will Trump's meddling in Navy SEAL case derail reforms inside commando units? *Time*.

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2. Watson, J. (2019, June 30). *Navy SEAL trial exposes divide in normally secretive force*. Associated Press.

3. Phillips, D. (2019, December 27). Anguish and anger from the Navy SEALs who turned in Edward Gallagher. *The New York Times*.

4. Ibid.

Case Study 8.3: To Loan or Not to Loan?

Harry Edwards is the loan officer at High Plains Bank, a small bank located in a town of 3,000 people in rural Oklahoma. High Plains, like many other small financial institutions, makes most of its loans to small businesses and engages in relational banking. In relational banking, bank officials focus on establishing close relationships with customers. Relational banking allows loan officers to get to know their customers better to determine if they are good credit risks. (Small businesses are not required to have audited financial statements.) Customers benefit because the trusting relationships they develop with their bankers allows them more flexibility in negotiating their loan terms. The community benefits as the flow of capital keeps businesses open. However, relational banking can pose a risk to small institutions because it encourages bank officers to make bad loans to those they have befriended.

Edwards is scheduled to meet with the bank president and vice president to evaluate the High Plains loan portfolio, which has not performed well lately. The Highway Market loan will be the main topic of discussion. Highway Market borrowed $600,000 to upgrade its store, replacing the flooring and roof, adding a new bakery and deli department, replacing freezers, creating wider aisles, and so on. However, market owners Bert and Samantha Smith have fallen behind in their loan payments and need another $200,000 to finish the renovation project. They have asked High Plains for the additional amount.

The Smiths are longtime customers of the bank and have never fallen behind in their payments before. Edwards, the bank president, and vice president all serve on community nonprofit boards with the Smiths. In paperwork submitted to High Plains, the Smiths blame their delinquent loan payments on the fact that the disruption caused by the remodel has reduced traffic to their store. They are convinced that the renovation will more than pay for itself in higher sales when completed. While Highway Market is the only grocery store in town (and badly needs the upgrade), Harry knows that a new Walmart superstore featuring low prices is coming to another small community 15 miles away. He anticipates that residents of his town will spend some of their grocery budgets at Walmart after it opens in two months.

Discussion Probes

Should Harry Edwards recommend that the bank loan another $200,000 to Highway Market? Why or why not?

Source: Background information on relationship banking at small financial institutions is taken from Kang, Zardkoohi, Paetzold, & Fraser (2011).

Descriptions of Images and Figures

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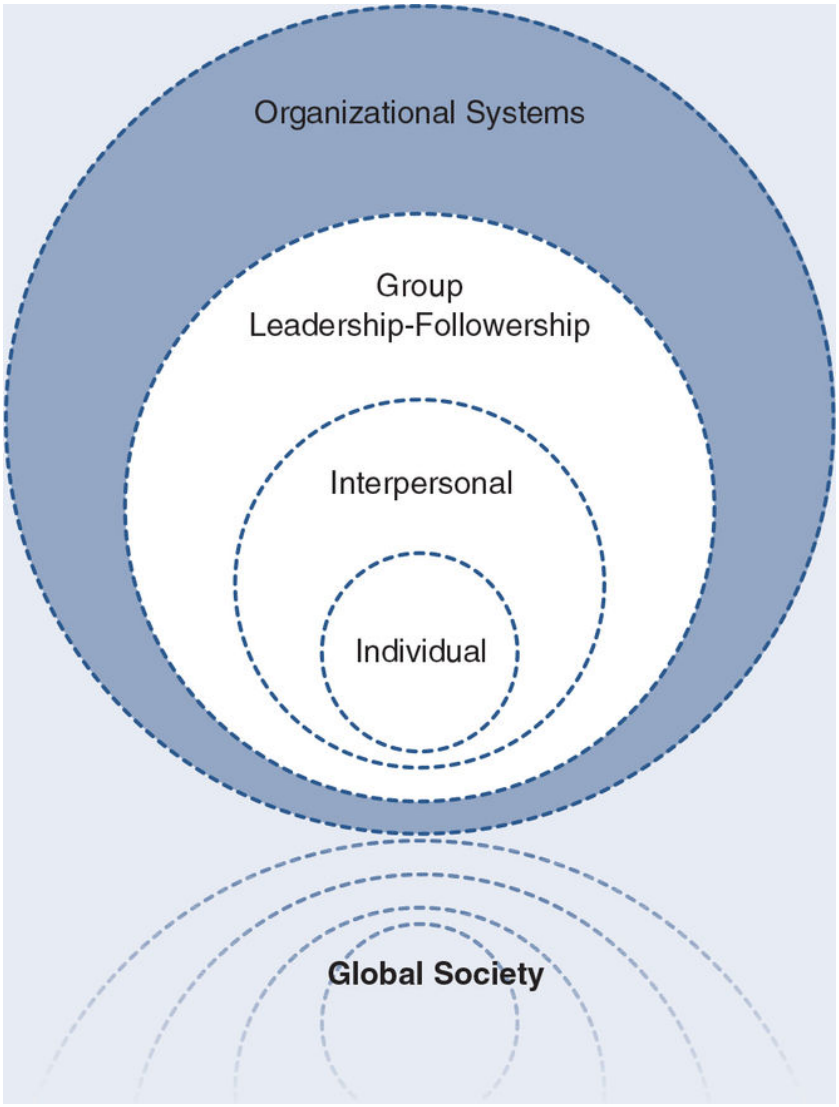
In the illustration, the left and right ends of a straight line are labeled “Groupthink” and “Polythink,” respectively. The section of the line between polythink and groupthink is labeled “Balanced CON-DIV.” A leftward arrow above groupthink is labeled “Greater conformity,” and a rightward arrow above polythink is labeled “Greater disunity.”

PART FOUR PRACTICING ETHICS IN ORGANIZATIONAL SYSTEMS



Description

Descriptions of Images and Figures

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Starting from the innermost layer of the onion chart and moving outward, the levels of organizational ethics are listed as follows:

- Individual
- Interpersonal
- Group Leadership-Followership
- Organizational Systems

Individual, Interpersonal, and Group Leadership-Followership are shaded in light colors and Organizational Systems is shaded in a dark color.

A mirror image of the chart is labeled "Global Society." In the mirror image, the Individual level is completely visible and the boundaries of the remaining levels are partially visible.

CHAPTER 9 BUILDING AN ETHICAL ORGANIZATION

Learning Objectives

- Contrast ethically decoupled and ethically transformed organizations.
- Identify the formal and informal elements of ethical culture.
- Analyze the ethical culture of an organization.
- Develop strategies for implementing each element of ethical culture.
- Illustrate the dangers of making piecemeal changes to ethical culture.
- Explain how each driver promotes ethical change.
- Describe what organizations can learn from ethical failures and near failures.

Chapter Preview

Making Ethics Matter

Components of Ethical Culture

- Formal Elements
- Informal Elements

Cultural Change Efforts

- Ethical Drivers

Chapter Takeaways

Application Projects

MAKING ETHICS MATTER

As we've seen throughout this text, fallen organizations pay a high price for their moral shortcomings in the form of damaged reputations; declining revenues, earnings, donations, and stock prices; downsizing and bankruptcy; increased regulation; and civil lawsuits and criminal charges. Unfortunately, managers and employees looking to integrate moral values into their work structures and processes often settle for superficial measures that have little influence on day-to-day operations. They focus on complying with legal requirements through official policies; ethical issues are rarely discussed, and decisions are typically made without reference to core values or moral standards. In other words, their ethical efforts are easily disconnected or "decoupled" from the most important organizational activities.[1]

The poor track record of contemporary organizations is proof that the decoupled approach to ethics doesn't work. Our task, then, is to make sure that ethics matter (1) by ensuring that members recognize the moral dimension of every aspect of organizational life and (2) by encouraging improvement in collective ethical performance. Investigators use a variety of terms to describe such an ethics-based approach, including *integrated*, *integrity focused*, *purpose driven*, and *values centered*.[2] However, *transformational* is a more inclusive descriptor. This broader label incorporates integration, integrity, purpose, and values. To transform something means to alter its very nature or essence for the better, producing fundamental, long-lasting, positive change.[3] When applied to ethics, transformation goes beyond lip service to moral values or grudging compliance with legal requirements. Transformation places ethics at the center of the workplace, significantly altering attitudes, thinking, communication, behavior, culture, and systems. Key values drive individual decisions, interpersonal relationships, group interaction,

and organizational goals. (Case Study 9.1 describes a company that puts ethics at the center of its operations.)

Table 9.1 contrasts the qualities of ethically decoupled and ethically transformed organizations. The objective of this chapter is to help you move your organization from the decoupled column to the transformed column or to help it maintain its transformed status. To reach this goal, you will need to understand the components of ethical culture and engage in successful cultural change efforts.

Table 9.1 Characteristics of Ethically Decoupled and Ethically Transformed Organizations

Ethically Decoupled Organizations	**Ethically Transformed Organizations**
See ethics as a means to an end (profit, better public image)	See ethics as an end in itself
Comply with legal requirements	Exceed legal requirements
Exhibit organizational behavior inconsistent with stated values	Take actions that reflect collective values; the transformed organization "walks its talk"
Are insensitive to potential moral issues	Are highly sensitive to moral dilemmas

Ethically Decoupled Organizations	**Ethically Transformed Organizations**
Emphasize rules and penalties	Emphasize adherence to shared values
Have a low awareness of ethical duties	Have a high awareness of individual and collective ethical responsibilities
Engage in dysfunctional conflict	Engage in functional conflict
Tolerate misbehavior	Swiftly punish misbehavior
Rarely discuss ethics; rarely use moral vocabulary	Routinely discuss ethics using moral vocabulary
Omit ethics from daily decisions and operations	Make ethics part of every decision and operation
Are driven by practical or pragmatic considerations (the bottom line)	Are driven by mission and values
React to destructive behaviors	Prevent destructive behaviors

Ethically Decoupled Organizations	Ethically Transformed Organizations
Have ethically inconsistent reward structures	Have reward systems that promote moral behavior
Show a high concern for self	Show a high concern for others
Sacrifice individual rights for organizational good	Honor and protect individual rights
Engage in self-centered communication (monologue)	Engage in other-centered communication (dialogue)
Have low to moderate trust and commitment levels	Have high trust and commitment levels
Have teams that routinely fall victim to unethical group processes	Have teams that are rarely victimized by unethical group processes
Show high concern for the organization	Show high concern for stakeholders, society, and the global environment

Ethically Decoupled Organizations	**Ethically Transformed Organizations**
Hold and build power bases	Give power away
Exhibit low-level moral reasoning	Base reasoning on universal ethical principles
Prevent members from making moral choices	Equip members to make moral choices
Respond to changes in the ethical environment	Anticipate changes in the ethical environment
Invest little in building a positive ethical climate	Invest significantly in creating and maintaining an ethical workplace (i.e., training, socialization, leader involvement)
Are at significant risk of ethical misbehavior and scandal	Are at low risk of ethical misbehavior and scandal

COMPONENTS OF ETHICAL CULTURE

Scholars from a variety of fields borrow the concept of culture from the field of anthropology to describe how organizations create shared meanings. As members meet and interact, they develop common beliefs, values, and assumptions, which are expressed through architecture, ceremonies, rituals, dress, and other visible artifacts. Culture binds the organization together and, at the same time, greatly influences the behavior of individuals. What members wear and drive to work, the way they carry out their tasks and organize their time, and with whom they socialize at lunch are all products of shared culture. Ethicists are particularly interested in how cultural elements, both formal and informal, promote or discourage moral action. Formal cultural components include core values, mission statements, codes of ethics, structure, boards of directors, reward and evaluation systems, reporting and communication systems, and ethics officers. They are officially acknowledged and recorded. Informal components include language, norms, rituals, and stories.[4] These features are not part of the organization's official record. In this section, I'll describe each of these elements and its relationship to ethical behavior. I will also outline ways you can use each component to contribute to the formation of an ethical environment.

Formal Elements

1. Core Values

Core values serve as enduring, guiding principles. Most organizations have between three and five such values, which are central to their collective identities.[5] Deere & Company, which has appeared every year on the Ethisphere® Institute's list of most ethical companies, identifies its defining values as (1) integrity—telling the truth, keeping our word, and treating others with fairness and respect; (2) quality—delivering value to customers, employees, shareholders, and others; (3) commitment—meeting stakeholder expectations in a predictable, consistent way over time; and (4) innovation—inventing, designing, and developing breakthrough products and services. Ecolab, another perennial most ethical company, highlights the following values as integral to its corporate culture: (1) spirit (passionate, risk taking, eager, persevering, finding joy in work); (2) pride (exceptional service, exceptional products, premium quality); (3) determination (ambitious, aggressive, driven, determined, energetic); (4) commitment (like a family, dedicated, moved to help one another and customers); (5) passion (wholehearted belief in the company and each other); and (6) integrity (professional, reliable, trustworthy, honest).

Organizations run into trouble when they operate under poor values, as was the case at Uber. The ride-sharing company was driven to win at all costs. Official Uber competencies included "super pumpedness" (high energy and enthusiasm), "toe stepping" (don't sacrifice good ideas for cohesion), and "champion's mindset" (put everything on the line for the company to help it succeed). These values drove the company to battle everyone from local governments to taxi companies and its own drivers. At the same time, female employees complained that the company tolerated

sexual harassment. An outside report found major flaws in the Uber culture, noting that values like "always be hustling" and "principled confrontations" were used to excuse bad behavior.[6]

Organizations also fall short when they fail to identify and communicate their core values or fail to live up to them. (Case Study 9.2 describes a company that didn't live up to its values.) Some groups have never taken the time and effort to isolate those principles that set them apart; others have clearly defined values but don't put enough effort into publicizing them. To shape behavior, values must be continually reinforced through training, websites, public meetings, annual reports, corporate videos, brochures, and other means. In addition, leaders must "walk the talk," living out the values through their performance.

Implementation Guidelines

There is no universal set of correct organizational core values. Instead, the key is to determine what members find intrinsically valuable in your work group, regardless of what outsiders think. Ask individuals to identify their own core values. Then bring members from around the organization together to share their personal values and to consider such questions as these: "If we were penalized for holding this core value, would we still hold on to it?" "Do we want to keep this value no matter how the world around us changes in the next 10 years?" "What values represent the primary behavior our organization wants to encourage and stand by?" "What truths are essential to supporting our unique culture?" "What are the very best attributes of our organization?"[7] Once they have been selected, incorporate these values into decision-making processes and evaluation systems; continually communicate them. Hold leaders as well as followers to these standards.

2. Mission (Purpose) Statement

A mission statement identifies an organization's reason for being, which reflects the ideals of its members. This statement combines with core values to form what management experts James Collins and Jerry Porras refer to as *core ideology*.[8] Core ideology is the central identity or character of an organization. Collins and Porras found that the character of the outstanding companies they studied remained constant, even as those firms continued to learn and adapt. Examples of purpose statements from the United States, Canada, Great Britain, and Australia are found in Ethical Checkpoint 9.1.

Ethical Checkpoint 9.1

Sample Mission Statements

Create and support one-to-one mentoring relationships that ignite the power and promise of youth. (Big Brothers Big Sisters)

Committed to actively contributing to sustainable development through environmental protection, social responsibility and economic progress. (3M)

To deliver a satisfactory return to shareholders. (Wesfarmers —Australia)

To organize the world's information and make it universally accessible and useful. (Google)

Dedicated to conserving unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. (U.S. National Park Service)

To deliver a unique experience to our customers through delivering great food, friendly, attentive service, excellent price and a welcoming presence. (Waffle House)

To develop people to work together to create value for the Company's shareholders by doing it right with fun and integrity. (Canadian Natural Resources)

To bring inspiration and innovation to every athlete in the world. If you have a body, you are an athlete. (Nike)

To improve patients' lives by delivering innovative products and services that drive quality and efficiency in pharmaceutical care. (AmerisourceBergen)

To enhance society by creating, collecting and distributing high-quality news, information and entertainment. (*The New York Times*)

Dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit. (Southwest Airlines)

To shape communities that thrive now and in the future. (Stockland—Australia)

To create value for customers to earn their lifetime loyalty. (Tesco—Great Britain)

To be the most trusted retailer, where people love to work and shop. (J. Sainsbury—Great Britain)

To offer our customers the lowest possible prices, the best available selection, and the utmost convenience. (Amazon)

We fulfill dreams through the experience of motorcycling … (Harley-Davidson)

To unlock the potential of nature to improve the quality of life. (ADM)

To set the standards of excellence for food retailers. (Whole Foods Market)

Sources: Organizational websites.

Many mission statements fail to guide and inspire or promote moral conduct. "Maximize shareholder wealth" is a purpose that provides

minimal guidance or inspiration to members. Not only does it fail to distinguish a company from its competitors, but few people get excited about increasing earnings per share. Pursuing this objective may promote such unethical activities as overstating revenue, hiding expenses, lying to investors, and shipping shoddy products. In contrast, pursuing such goals as "to bring inspiration and innovation to every athlete in the world" (Nike) and "to improve patients' lives" (AmerisourceBergen) is likely to inspire employees and encourage them to produce quality goods and services that benefit others.

Like core values, mission statements must be continually communicated and reinforced. They, too, can be undermined by inconsistent behavior. Lofty official goals do little to promote morality when leaders and followers ignore them in order to pursue their personal agendas. Nonprofit organizations face an additional challenge—maintaining true to their original missions in the face of internal and external pressures. (See Contemporary Issues in Organizational Ethics 9.1.)

Implementation Guidelines

To create your organizational mission statement, try to identify what members of your organization are passionate about, and capture this passion in your document. In the case of a business, ask what purpose would keep employees working for the group even if they had enough money to retire. Evaluate the mission statement on how well it guides, inspires, and promotes moral behavior. Determine if the group is shifting away from its mission and whether it should return to its original purpose.

Contemporary Issues in Organizational Ethics 9.1: From Mission Drift to Mission Control

Nonprofits often find themselves engaged in activities that have little to do with the original mission of the organization. Cases of "mission drift" include the YMCA, which initially served low-income neighborhoods but now operates more as an upscale health and fitness club, academic hospitals that have abandoned research to focus on clinical treatment, and religious colleges that resemble secular universities.

Financial pressures are a major cause of mission drift. For example, microfinance banks, formed to loan small amounts to poor entrepreneurs, are under pressure from donors to become financially self-sustaining. As a consequence, some microfinance bankers loan to wealthier clients who take up less time and are more likely to repay their loans. Other credit officers turn to aggressive and deceptive techniques to collect from poor borrowers, which has led to suicides among Indian farmers who can't repay their loans.

Many nonprofits make up for financial shortfalls by taking on government contracts, forming partnerships with businesses, or starting their own commercial ventures like bakeries, thrift shops, and travel tours. Each of these strategies poses the risk of mission drift. Taking government funds subjects nonprofits to more reporting and compliance requirements and, in the case of religious groups, may detract from their spiritual outreach. Partnering with businesses may turn off donors and members committed to the group's social mission. Operating a commercial venture can divert time and energy away from the group's social purpose while draining

financial resources. (Most businesses operated by nonprofits lose money.)

Modifying the original organizational mission may be justified, as in the case of a food bank that decides to train clients on good nutrition habits in addition to providing emergency food boxes. The original mission should be abandoned if it is racist and sexist, as in the case of the school for orphans founded by chocolatier Milton S. Hershey. The school originally only accepted white boys but now accepts girls and boys of all races. And changing the mission may be the key to survival. It's hard to imagine that Harvard, Yale, and Princeton, originally founded to educate male clergy, would have prospered if they hadn't enlarged their missions to educate the general population. However, nonprofits would be better served by replacing mission drift with mission control. Leaders and followers should continually test programs and activities to see if they fulfill the group's mission. They need to guard against financial and other pressures to abandon worthy objectives. Any change in the organization's mission should be made after careful deliberation, not be the result of unconsciously drifting off course.

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3. Codes of Ethics

Codes of ethics are among the most common ethics tools. Nearly all major corporations have them, along with a great many government departments, professional associations, social service agencies, and schools.[9] Under Securities and Exchange Commission (SEC) guidelines, all publicly traded companies must have codes and enforcement procedures that apply to top-level financial and other managers. The New York Stock Exchange (NYSE), the American Stock Exchange, and the NASDAQ Stock Market all require listed companies to adopt ethics codes and disclose their content to the public.[10] Codes must include provisions that describe how the code will be enforced and how the company will respond to violations. The Ethics Resource Center suggests the following outline for structuring codes.[11]

I. Memorable Title
II. Leadership Letter
III. Table of Contents
IV. Introduction—Prologue
V. Core Values of the Organization
VI. Code Provisions—Substantive Matters
VII. Information and Resources

Codes typically address these six areas[12]:

- *Conflicts of interest*. Conflict provisions deal with cases in which employees benefit at the expense of the organization or in which an individual's judgment might be compromised. Cases of conflict of interest include accepting gifts from suppliers or diverting contracts to relatives. Federal guidelines dictate that any waiver of conflict of interest provisions must be promptly reported to shareholders. (We'll take a closer look at financial conflicts of interest in Chapter 10.)

- *Records, funds, and assets*. All chartered and tax-exempt organizations must keep accurate financial records. Publicly traded firms must follow SEC regulations as well as state and local laws and their own bylaws.

- *Information*. For-profit organizations try to keep information from competitors. Revealing such data—even to family members—can result in legal action. Public sector organizations, on the other hand, may have codes that encourage compliance with "sunshine laws" that require the release of information.

- *Outside relationships*. Relationships with suppliers, competitors, government agencies, and others have legal and ethical ramifications. Members must avoid behaviors ranging from collusion, price-fixing, and insider trading to gossiping about the competition.

- *Employment practices*. Employment provisions deal with discrimination, drug use, sexual harassment, aggression, and related issues.

- *Other practices*. This category incorporates statements about employee health and safety, the use of technology, treatment of the environment, political activities, overseas conduct, and other

> topics. One provision found in many codes forbids the use of organizational assets (and customer assets) for personal benefit. According to the Xerox code of ethics, such assets include money, property, information, and technology.[13]

Despite their popularity, formal ethics statements are controversial. Skeptics argue that they are vague public relations documents designed to improve an organization's image or to reduce its risk. Few employees know what the codes say, and their provisions are rarely enforced. Worse yet, critics say, codes are ineffectual. These statements do nothing to improve ethical behavior.

Defenders of ethical codes point out that such documents describe an organization's ethical position to insiders as well as outsiders. They are particularly important to newcomers who are learning about the work group's ethical standards and potential moral problems they may face. Referring to a code can encourage members both new and old to resist unethical group and organizational pressures. In the case of wrongdoing, an organization can point to the code as evidence that the immoral behavior is not official policy. Most important, ethics codes can have a direct, positive influence on ethical behavior.[14] Students who sign honor codes, for instance, are significantly less likely to plagiarize and cheat on tests.[15] Codes influence ethical perceptions even when organizational members don't remember exactly what is in them. Those in organizations with codes judge themselves and their coworkers as more ethical than those in organizations without codes. They believe that their organizations are more supportive of ethical behavior, and they are more satisfied with their group's moral decisions. These employees feel freer to act ethically and are more committed to their organizations.[16]

Researcher Mark Schwartz identified eight metaphors that can help explain how codes influence ethical behavior. These metaphors and

their impact on the actions of organizational members are described as follows.[17]

Rule book: The code clarifies what behavior is expected of employees. *Outcome:* Members read the code and follow its provisions.

Signpost: The code encourages members to consult with others or organizational policies to determine if an action is ethical. *Outcome:* Members speak with a manager or an ethics officer and follow the advice they receive.

Mirror: The code confirms whether or not a behavior is acceptable. *Outcome:* Greater compliance with required behaviors.

Magnifying glass: The code cautions members to exercise care before moving forward. *Outcome:* Reduces the likelihood of unintentional violation of rules.

Shield: The code equips members to challenge unethical behavior and helps them resist the pressure to engage in unethical activities. *Outcome:* Increased resistance to unethical requests.

Smoke detector: The code empowers individuals to warn others about inappropriate activities and to convince them to stop. *Outcome:* Members are more likely to end their unethical behavior.

Fire alarm: The code causes members to contact the appropriate people or offices to report violations. *Outcome:* The organization intervenes to stop unethical behavior; members are deterred from engaging in immoral activities.

Club: The code is used to force members to comply with its provisions. *Outcome:* Members modify their behavior due to the threat of discipline.

Implementation Guidelines

While adopting a code doesn't guarantee moral improvement, the evidence cited earlier demonstrates that codes can play an important role in fostering an ethical environment. You need to encourage your organization to develop a formal set of ethical guidelines, using the input of a variety of organizational members. Make sure that the language of the code is understandable and that employees can meet its expectations. Distribute the document to everyone in the organization. Provide training so workers know how the code provisions apply; provide opportunities to ask questions. Standards will have the most impact when senior executives make them a priority and follow their provisions while, at the same time, rewarding followers who do the same. Back up your code with enforcement. Create procedures for interpreting the code and applying sanctions. Set up systems for reporting problems, investigating charges, and reaching conclusions that are fair and impartial.[18] Listen carefully to determine which metaphors are used to describe the code of ethics in your organization, and adjust these perceptions if necessary. For example, if employees at your firm see the code as a club used to punish unethical behavior, you may want to encourage them to take a more positive perspective, viewing the code as a signpost instead.

4. Structure

Structure influences moral behavior through the creation of authority relationships, delineation of lines of accountability, and allocation of

decision-making rights.[19] As we saw in Chapter 7, leaders are granted a great deal of power over the lives of followers. Their power is enhanced by the fact that people appear "programmed" to obey authority.[20] The greater the demand for obedience, the higher the likelihood that employees will engage in unethical activities and keep silent about the ethical violations they observe.[21]

Lines of accountability are blurred in many large, complex organizations, diffusing responsibility for choices and actions. The result can be an increase in immoral behavior. Managers may deliberately keep themselves in the dark about illegal activities so that they can maintain "plausible deniability" if the wrongdoing ever comes to light. Division of labor and compartmentalization can distance employees from the consequences of their choices.[22] One department can develop a drug, for example, and expect that another department will test it for side effects. At the same time, another unit will market the drug, assuming that the medication is safe. However, the testing group may fail to communicate that there is no way to accurately determine side effects. A harmful drug (like thalidomide, which caused serious birth defects) is released as a result.[23] Individuals may also shift ethical responsibilities from themselves to their roles. They use their jobs as cover by claiming that they had no choice but to engage in unethical behavior or that there was little that they could do to stop immoral or illegal activities.

Allocation of decision-making rights is another important structural determinant of moral behavior. Empowered employees are more likely to make better ethical choices (see Chapter 5). Those closest to the problem are best equipped to solve it and are more likely to be sensitive to ethical issues. Denying decision-making authority to such knowledgeable workers can be costly. This was vividly illustrated in the *Challenger* and *Columbia* space shuttle disasters. In both cases, managers overruled lower-level engineers who had safety concerns.

Implementation Guidelines

Try to modify structural defects that contribute to immoral behavior. As a leader, encourage others to challenge orders and at times disobey them. Help your employees to recognize how their activities relate to the organization's overall direction and to consider how their actions affect others. Ensure that those closest to the ethical dilemma have significant input into how it is resolved.

5. Boards of Directors

Boards of directors sit at the top of the organizational structure. Boards act as the link between those who own the corporation or support the nonprofit and the managers who run the organization. Their role is to see that the organization's business is conducted in the best interests of the stockholders or supporters.[24] They select and oversee top managers who, in turn, set the ethical tone of the organization. Corporate board members have two legal duties—the duty of loyalty and the duty of care. *Duty of loyalty* means that a director must be always loyal to shareholders. For example, an individual can't sit on the boards of two companies (like McDonald's and Wendy's) that compete against each other. *Duty of care* requires that a director make a diligent effort when making decisions, discovering as much information as possible and considering all the alternatives. If individual board members meet both of these responsibilities, then the courts generally won't challenge their decisions, deferring to their business judgment.

According to the Business Roundtable, an association of CEOs, boards of directors should carry out these responsibilies[25]:

1. Select the CEO and oversee the performance of the CEO and oversee the CEO succession planning process.

2. Set the "tone at the top" that demonstrates the company's commitment to integrity and legal compliance. This tone lays the groundwork for a corporate culture that is communicated to personnel at all levels.
3. Approve corporate strategy and monitor the implementation of strategic plans.
4. Oversee the process of identifying and managing the significant risks facing the company; set the firm's risk appetite.
5. Focus on the integrity and clarity of the company's financial reporting and other disclosures about corporate performance.
6. Help determine the allocation of capital.
7. Review, understand, and oversee annual operating plans and budgets.
8. Review the company's plans for business resiliency, including business continuity, physical security, cybersecurity, and crisis management.
9. Nominate directors and committee members and oversee the operation of the board.
10. Oversee the company's compliance program and remain informed about any significant compliance issues.

Directors are in a difficult spot. They oversee managers, but the managers determine what information directors receive.[26] The CEO is often a very powerful figure who can sway the group's opinion. When individual CEOs serve as chairman of the board, they may end up evaluating their own performance. Boards have limited time to learn about the day-to-day operations of organizations that in some cases employ hundreds of thousands of people. Directors may serve on multiple boards, which further reduces the time and energy they can devote to their duties. If these challenges aren't enough, directors on some boards are beholden to top management. They might be friends with the CEO, do business with the company, or receive donations from the firm. CEOs may sit on one another's boards. This creates a "you scratch my back and I'll scratch yours" mentality. A CEO is likely to approve a generous pay package for a

fellow CEO in hopes that the other CEO will return the favor. Directors who disagree with the CEO or fellow board members' opinions are often the victims of groupthink. They may be asked to leave the board because they threaten the group's cohesion.

Given these factors, it is not surprising that many of the major ethical failures of the past 40 to 50 years can be blamed in large part on corporate and nonprofit boards. The years 2000–2002 marked a watershed period for unethical corporate governance. Directors at Adelphia, Tyco, Kmart, WorldCom, Global Crossing, and other firms failed both their legal and their ethical duties. They did little to stop top managers from making risky investments, diverting funds for personal use, engaging in accounting fraud, lying to investors, and so on. The collapse of Enron, in particular, created a crisis of confidence in corporate boards. Directors at Enron gave their approval to off-the-books financial arrangements that hid corporate debt and benefited managers at the expense of shareholders. They approved unethical accounting methods and misguided investments that put the company in danger. The firm, once the fifth-largest corporation in the United States with a value of $100 billion, collapsed. Investors lost millions; employees lost their jobs and retirement savings. In response to the Enron debacle and other corporate scandals, Congress passed the Sarbanes-Oxley Act. Under its provisions, CEOs must personally attest to the accuracy of financial statements under the threat of imprisonment; board audit committees must have at least one member with financial expertise. In addition, the NYSE now requires that member firms have boards consisting of a majority of independent directors who meet regularly without management.

Implementation Guidelines

Future boards may fail to carry out their duties, thus helping to sustain unethical organizational cultures. But corporate governance experts suggest that such failure is much less likely if companies

follow several guidelines.[27] First, separate the roles of board chair and CEO, designating an independent director as chair. Second, ensure that the company is living up to the requirements of the Sarbanes-Oxley Act. Third, ask managers to present options for decisions, not reports. Fourth, make sure that directors make a concerted effort to gather the information they need, talking to lower-level managers, visiting company or nonprofit locations, and so forth. Home Depot, for example, asks its directors to spend one day a month at one of its stores and to visit 8 to 10 outlets a quarter. Fifth, prevent top officers from serving on the boards of other companies or nonprofits. Sixth, don't allow a director to serve on more than two boards. Seventh, be sure that boards put their responsibilities ahead of group cohesion, welcoming dissent instead of repressing it. Eighth, strive to make board membership as diverse as possible (see Ethical Checkpoint 9.2).

Ethical Checkpoint 9.2

Gender Diversity in the Boardroom

Women make up 47% of the U.S. workforce and hold over half of all management and professional positions. Yet, women fill only 21.9% of corporate board seats. Even this figure may overstate the role women play in the boardroom since many female board members sit on more than one board. (The percentage of minorities serving on boards is just 19.5%.)

Inclusion of women signals that a company lives up to its values, considers the interests of all of its stakeholders, and wants to promote gender diversity, an important ethical issue in the United States and many other nations. Researchers report that gender-diverse boards (and the companies they lead) are generally more effective and successful than those made up entirely of men. They also pursue more environmentally friendly strategies.

Given the ethical and practical benefits of gender board diversity, a number of governments have taken steps to increase the number of women serving on corporate boards. In the United States, the SEC requires that publicly traded companies reveal how they consider diversity when selecting directors—though they are free to develop their own definition of diversity. In response, firms may issue statements supporting diversity, make diversity a discussion item at board meetings, and require a diverse slate of candidates for open positions.

California was the first state to require a minimum number of women on boards, followed by Illinois and Massachusetts. Norway, Belgium, France, Italy, and the Netherlands have passed legislation requiring public companies have boards made up of 40% women or risk fines or possible dissolution. Other nations threaten noncompliance with suspension of director benefits and compensation along with reduced government subsidies and contracts.

Women in the United States have a long way to go to reach 40% representation, the requirement in many other nations. However, there are some encouraging signs of progress. Between 2000 and 2010, the number of women directors stayed virtually the same. Since then, the percentage has nearly doubled. If the trend continues, gender diversity will become more of a reality in the decade to come.

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6. Reward and Performance Evaluation Systems

Organizational members determine what actions are measured and rewarded. They then engage in those activities, moral or otherwise. That fact makes reward systems a powerful determinant of ethical or unethical behavior. Unfortunately, ethical behavior often goes unnoticed and unrewarded. (Who gets praised for *not* padding expense accounts or *not* inflating earnings?)[28] Organizations often reward immoral behavior instead, as in the case of Washington Mutual. Loan officers approved unsuitable and fraudulent mortgages because they were rewarded for doing so. The lender collapsed when losses from these bad loans mounted, causing the largest bank failure in the history of the United States. Wells Fargo gave bonuses and promotions to employees who sold more of its products to current customers. Workers responded by creating millions of fake accounts to meet sales goals.[29]

Focusing on ends to the exclusion of means is another problem with many reward and performance appraisal systems. Consumed with the bottom line, leaders set demanding performance goals but intentionally or unintentionally ignore how these objectives are to be reached. They pressure employees to produce sales and profits by whatever means possible. Followers then feel powerless and alienated, becoming estranged from the rest of the group. Sociologists use the term *anomie* to refer to this sense of normlessness and unease that results when rules lose their force.[30] Anomie increases the likelihood that group members will engage in illegal activities, and it reduces their resistance to demands from authority figures who want them to break the law. Loss of confidence in the organization encourages alienated employees to retaliate against coworkers and the group as a whole.

Implementation Guidelines

Use the following strategies to help ensure that reward and performance systems in your organization reinforce rather than undermine ethical behavior:

- *Catch people doing good (reward moral behavior that might otherwise go unappreciated)*. Publicly acknowledge workers who offer outstanding customer service, government departments that spend taxpayer money wisely, and so on.

- *Evaluate current and proposed reward and performance systems to ensure that they are not reinforcing undesirable behavior*. In particular, take note of possible unintended consequences. Consider the case of teacher performance standards based on student test scores. Such standards are supposed to improve learning but can encourage teachers and administrators to cheat (provide too much assistance to pupils, change answers) in order to boost test results. That was the case in Atlanta, where 35 educators, including principals, teachers, test coordinators, and the former district superintendent, were charged with altering test answers.[31]

- *Avoid a bottom-line mentality*. Financial returns—profits, donations—are critical to business and nonprofits alike. Yet focusing solely on the bottom line blinds decision makers to other important responsibilities, like supporting workers and the community. Pitting workers against each other, such as in forced employee ranking systems, encourages selfishness and dishonest behavior. Develop other measures of performance, such as civic involvement and work–family balance. (We'll take an in-depth look at alternative performance scorecards in Chapter 11.)

- *Evaluate based on processes as well as on results*. Measuring how individuals achieve their goals should be part of any performance review process. Provide incentives for moral

behavior and disincentives for unethical actions. Punish salespeople who lie about delivery times or exaggerate the features of products, for instance.

7. Reporting and Communication Systems

SEC guidelines require publicly held companies to have systems in place for reporting ethical violations. Amendments to the 2004 Federal Sentencing Guidelines require that these mechanisms ensure "anonymous or confidential reporting."[32] Ethics hotlines are the most common reporting tool. Employees use the hotlines, many of which operate 24 hours a day, 365 days a year, to ask for advice and to report ethical problems. One hotline provider studied 200,000 calls and found that two-thirds were made without first talking to management. Nearly two-thirds of reports sparked investigations with nearly half resulting in some action being taken.[33] Members should also be able to contact ethics staff in person for advice and to report problems. To be effective, a reporting system must have the support of top management, protect whistle-blowers, and promptly follow up on allegations of wrongdoing.

Organizations also need systems for communicating ethics messages. Managers should use a wide variety of channels (e.g., email, newsletters, videoconferencing, speeches, meetings) to send messages about corporate values, the provisions of ethics codes, disciplinary actions, and so on. Constant communication is essential to reinforce the importance or salience of ethics. Nevertheless, ethics communication systems need to allow for reflection and feedback. Managers and employees ought to have regular opportunities to discuss ethical issues and values, to analyze past mistakes, and to admit and rectify errors.[34] (We'll take a closer look at learning from failures later in this chapter.)

Implementation Guidelines

Get the buy-in of top leaders for any reporting system. Provide adequate funding to staff the ethics office and hotlines. Ensure that all reports are confidential and that whistle-blowers are shielded from retribution. If most of your hotline users seek information, take that as a good sign that the system is working. Employees seeking advice are likely trying to prevent problems before they develop. Use every channel possible to continually communicate ethics messages. Create an atmosphere where members feel free to discuss ethical issues. Set aside time for ethical reflection and feedback; engage in active listening.

8. Ethics Officers

Ethics officers (EOs) are charged with making sure that their organizations comply with the law and engage in ethical conduct. They "provide strategic and operational leadership to the ethics and compliance program."[35] The number of EOs at large corporations has skyrocketed in recent years. Much of the increase in the number of EOs, as well as in budgets and staff, is undoubtedly due to the fact that having a chief ethics officer signals to regulators that the company is serious about compliance. When firms with EOs violate the law, they generally receive lower fines. However, organizations are increasingly recognizing the importance of the position. In the past, EOs used to hold other titles, like general counsel or human resource director. Now, more chief ethics officers focus exclusively on their ethics and compliance duties. Nearly all of the companies ranked as "most ethical" by the Ethisphere® Institute have chief ethics or compliance officers, over half serving on the top management team.[36]

Two factors are key to the success of chief ethics officers. First, they must have sufficient power and status to command the respect of

organizational members and enforce ethical standards.[37] Second, EOs must have the necessary independence to function effectively. Many experts argue that the EO should report directly to the board of directors, not to senior management. Those who report to the CEO may be hesitant to challenge the CEO's behavior for fear of being fired. That was the case at Strong Capital Management. Tom Hooker, the chief compliance officer, knew that company chairman Richard Strong was engaged in irregular trading practices that favored some shareholders (including Strong himself) while hurting others. Yet, Hooker didn't try to stop Strong. The SEC not only punished Strong but also fined Hooker $50,000 and banished him from the investment industry for aiding and abetting the former CEO.

Common duties of ethics officers include these:

- Advising top management and the board of directors
- Ensuring that the company makes the necessary regulatory filings
- Resolving discrimination and sexual harassment cases
- Creating ethics training
- Instituting ethics reforms
- Developing and revising ethics codes
- Monitoring ethical performance
- Ensuring continual ethical improvement
- Overseeing complaint systems
- Chairing ethics committees

- Creating ethics policies
- Communicating ethics concerns and policies to employees
- Enforcing the discipline process
- Representing the interests of shareholders and stakeholders

Implementation Guidelines

Make the EO role a full-time position, and have the board of directors make a strong statement of support for the position. Give the EO the power to interview, challenge, and discipline anyone in the organization. Be sure the office gets adequate funding and that the CEO consults regularly with this person. Have the EO report directly to the board of directors.

Informal Elements

1. Language

Informal language is the type of talk used in daily organizational conversations. Such talk reflects underlying attitudes and values. Language at Goldman Sachs changed as the ethical climate deteriorated, according to former executive Greg Smith.[38] When he joined the financial firm, the focus was on putting the customer first, even if doing so meant less profit for the company. Employees used the term *rabbis* to describe those who mentored new employees and *culture carriers* to refer to those who upheld the values of the firm. Later on, cultural values shifted to maximizing profit, even at the expense of clients. The term *quants* was used to describe employees who generated complex mathematical formulas to maximize returns. Employees were encouraged to "hunt elephants" by pursuing trades that generated a minimum of $1 million in profit. Traders began taking advantage of customers, using the term *muppets* to label clients they thought were dumb or stupid. The firm has been involved in a series of scandals ranging from misleading mortgage investors to insider trading to stock and commodity price manipulation. (Goldman Sachs was also involved in the Malaysian corruption scandal described in Case Study 5.2.)

Language can also blind members to the ethical implications of their actions. The word *ethical* is "charged" and "emotional" for some workers.[39] These employees become defensive if their decisions are challenged. They're more comfortable using words like *shared values*, *mission*, and *integrity* instead. The fact that many employees are uneasy with ethical terminology makes it less likely that members will identify the ethical implications of their choices. They decide based on efficiency, profitability, convenience, or other criteria

instead of on moral principles. Unethical choices are more likely to result.

Not only do organizational members avoid ethical terminology, but they sometimes invent euphemisms to avoid thinking about the true ethical implications of their choices. It is easier to send troops on a military "mission" than into a full-fledged war, for example, or to "counsel someone out of an organization" instead of firing this individual.

Implementation Guidelines

Be alert to what your organization's vocabulary says about its values and challenge inappropriate labels. You and your colleagues need to become comfortable with moral terminology to encourage ethical behavior. Employ such vocabulary when discussing routine decisions and behaviors. Reject terms that hide the moral dimension of activities.

2. Norms

Norms are widely accepted standards of behavior that reveal how an organization "really works."[40] Some norms ("Deal honestly with suppliers"; "Pitch in to help team members") support ethical conduct. Others ("Do whatever it takes to get the lowest price"; "Do as little as you can") encourage immoral behavior instead. One way to determine what norms are operating is to ask how others would respond to certain behaviors. Would they approve or disapprove of taking office supplies home for personal use or taking long lunches? Approval signals that these behaviors are unofficially sanctioned; disapproval signals that these actions violate norms. Norms generally exert more influence over individual behavior than formal rules and policies do, which helps explain why some codes of ethics are ineffectual. Members will generally do what is expected and

accepted even if it is officially forbidden. For instance, while universities officially condemn plagiarism, students continue to copy the work of others when their classmates accept such behavior. At General Motors, a serious safety problem with an ignition switch went uncorrected for decades. Why? Because refusing to take responsibility was the norm. In the "GM Nod," managers would shake their heads in agreement during meetings but then return to their offices to do nothing.[41]

Implementation Guidelines

Your organization's norms should be aligned with its ethical codes and policies. Identify important informal standards, and then determine if these norms support your organization's stated rules, mission, and values. If they don't, consider how they might be modified. (See Application Project 5 at the end of the chapter.)

3. Rituals

Rituals are organizational dramas that are repeated at regular intervals. They capture our attention, evoke an emotional response, and help shape our beliefs.[42] Actors follow carefully planned scripts in front of selected audiences; costumes and props may be involved. Take the retirement party, for instance. In this common ritual, workers and managers step away from their usual routines to acknowledge the departing employee. These events typically include food, speeches, and presentations of parting gifts.

Rituals serve many functions, some more visible than others. The manifest function of the retirement party is to honor the retiree while marking an official change in this individual's relationship to the group. Latent or hidden functions of this rite include reinforcing the values and expectations of the organization, demonstrating respect for individuals, cementing the bonds between employees,

and signaling that the organization will continue even as it loses valuable members.

Harrison Trice and Janice Beyer provide the most popular typology of organizational rites based on their functions. These six rituals include the following[43]:

- *Rites of passage*. These dramas mark important changes in roles and statuses. One of the most dramatic rites of passage is military boot camp. New recruits are stripped of their civilian identities and converted into soldiers, with new haircuts, uniforms, and prescribed ways of speaking, standing, and walking. Rites of passage impart important values and enforce behaviors. In military boot camps, recruits learn the importance of obeying authority. In company boot camps in Japan, new employees develop loyalty to their firms.

- *Rites of degradation*. Degradation rituals lower the status of organizational members, as when an officer is stripped of rank or when a player is kicked off the team. These routines identify punishable behaviors and signal the organization's willingness to stand behind its values.

- *Rites of enhancement*. In contrast to rites of degradation, rites of enhancement raise the standing of organizational members. Giving vacation trips to top salespeople, announcing the university's teacher of the year, and identifying the team's most valuable player are examples of this type of ritual. Recipients become positive role models, illustrating how members can get ahead in the organization.

- *Rites of renewal*. These rituals strengthen and improve the current system. Examples include team-building exercises, Six Sigma quality processes, and organizational development programs. The manifest function of such rituals is to bring about

improvement. However, they also have hidden consequences, like reassuring members that the organization is dealing with problems and focusing attention toward some issues and away from others.

- *Rites of conflict reduction*. Organizations develop rituals for releasing tension and managing conflicts. Common conflict resolution rituals are collective bargaining sessions and committee meetings. In collective bargaining, union and management representatives engage in such ritualistic behavior as presenting demands and proposals, talking long hours, and threatening to walk out. In committees, members try to resolve differences between competing interests and cooperate to solve problems. The formation of a task force or committee signals that organizational leaders are serious about addressing issues.

- *Rites of integration*. Integration dramas tie members into larger systems, reinforcing feelings of commitment and belonging. Companies hold holiday parties and picnics where members of all ranks mix informally. Integration ceremonies also bind individuals to regional, national, and international associations. Annual conventions and conferences connect professors, lawyers, and doctors to larger professional communities.

Rites of passage, degradation, and enhancement have manifest ethical functions. They reinforce important values, provide role models, and identify desirable and undesirable behaviors. In contrast, rites of renewal, conflict reduction, and integration have latent moral effects. One of the latent ethical effects of renewal rites is the highlighting of important organizational priorities. For example, a company may focus on cost cutting while ignoring diversity issues. Rites of conflict reduction send indirect yet important messages about how an organization values its people. Does management treat unions as adversaries or as partners, for example? Integration rituals, which are designed to increase feelings of belonging, also

have the latent effect of tying members to the values and codes of conduct of larger groups.

Implementation Guidelines

Since every ritual has an impact on ethical behavior, direct or indirect, you will need to carefully analyze each one. Some questions to consider include these: What values and behaviors are being reinforced? What priorities are being communicated? Are these values, behaviors, and priorities desirable and ethical? Are important ethical issues being ignored? What might be the unintended ethical consequences of this ritual? (See Application Project 6.)

Trice and Beyer suggest modifying rituals rather than eliminating them. Discontinuing rituals can be risky, since they are important events in the life of the organization. Instead, change current rites and add new ones. Open your firm's books to union personnel during negotiations instead of shutting them out, for instance. Introduce an ethics award to your company's annual gathering, or reward teams of salespeople rather than individuals.

4. Stories

One way to determine an organization's ethical stance is to examine its stories. Narratives, as noted in Chapter 2, provide meaning, impart values, and promote desired behavior. A tale qualifies as an organizational story when (1) many people know it, not just a few individuals; (2) the narrative focuses on one sequence of events rather than an extended history of a person or organization; (3) central characters are organization members; and (4) the story is supposedly true.[44] The most effective stories provide specific detail, reflect authentic emotions, and involve a significant or dramatic moment.[45]

Heroes play a particularly important role in organizational narratives. They embody organizational values while modeling desirable behaviors. At Northwestern Mutual, heroes demonstrate how the insurance company honors commitments and serves customers. The founder is one such hero. Two years after the company started in 1857, a train hit a cow, killing two policy holders. Claims from the crash exceeded company assets. The company president could have paid reduced benefits but, instead, borrowed the difference and paid the full amount. Nearly 150 years later, a team of senior managers once again put clients first. Immediately following the 2001 terrorist attacks, they decided to waive nontraditional evidence of death and sent SWAT teams to New York and Washington to speed payments. The company paid out benefits of $125 million in record time: an average of five days. Followers also act as the heroes of stories told at Northwestern Mutual. A low-level employee spent his days searching for "lost" policy owners, generally over age 75, to ensure that they received their benefits. He told how he tracked down the son of an insured who was living in Central America. The son was thrilled to find out that his father's medical policy would help defer his 97-year-old father's nursing care.[46]

Not all those cast as heroes truly deserve that label. Enron's Jeffrey Skilling and top trader Lou Pai created a fictional trading floor to impress financial analysts during a 1998 meeting. Visitors were escorted into what was called the Enron Energy Services war room. During their 10-minute tour, they "beheld the very picture of a sophisticated, booming business: a big open room bustling with people, all busily working the telephones and hunched over computer terminals, seemingly cutting deals and trading energy."[47] In reality, it was all a ruse. The room was filled with secretaries and other employees who were brought in for the demonstration and coached to look busy. One administrative assistant reports that she was told to bring her personal pictures to make it look as if she worked at the desk where she sat. The analysts, who were charged with evaluating the financial health of the firm, were completely

fooled. Skilling and his accomplices were seen as heroes, which helped foster the climate of deception that led to the firm's collapse.

Implementation Guidelines

Tell stories that reinforce important cultural values. Strive to find heroes who embody these values and provide positive role models; tell their stories at every opportunity. However, your most pressing task may be to reduce the damage done by stories currently being told in your work or volunteer group. Take the tale of an abusive executive, for instance. This narrative, which illustrates how poorly the company treats its employees, can be reframed. If you fire the abuser, the story serves as an example of how the organization has changed. Lay the groundwork for more positive stories by modeling moral behavior, which can become the basis for future tales.

CULTURAL CHANGE EFFORTS

Every component of culture contributes to the formation of an ethical organizational environment. However, by focusing on each element, it is easy to lose sight of the reality that cultures function as interrelated systems. If you want to change an organization's ethical culture, you must simultaneously address all the components described in the previous section. In fact, introducing piecemeal changes can backfire. Members can become more entrenched in their current behavior patterns when, for instance, managers create a new values statement without also changing the way employees are rewarded and evaluated. Disillusioned workers conclude that management isn't really serious about moral behavior. They greet future ethics initiatives with skepticism.

Highly ethical organizations make sure that cultural components align or support one another.[48] (See our earlier discussion of ethically transformed organizations.) Ethical codes are backed by norms, stories reflect core values, structure supports individual initiative, and so forth. These collectives also demonstrate ethical consistency. All units and organizational levels share a commitment to high moral standards. Ethical values are factored into every organizational activity, be it planning and goal setting, spending, gathering and sharing of information, or marketing. Further, constituents are encouraged and equipped to make ethical choices following core principles.

Ethical Drivers

Ethical drivers are factors that play a particularly significant role in promoting or driving systematic ethical change. Without them, any change effort is likely to falter. These drivers include virtue orientation, ethical diagnosis, engaged leadership, targeted socialization processes, ethics training, and continuous ethics learning.

Driver 1: Virtue Orientation

Any change initiative is doomed unless the organization wants to improve. Striving for virtuousness, which "represents what people aspire to when at their best and when they do their best," is one powerful motivation for ethical improvement.[49] (See Chapter 3 for an in-depth look at individual moral character.) Ethical organizations adopt a *virtue orientation*, which promotes virtuous behavior on the part of their members as well as in the group as a whole.[50]

Corporate or organizational virtues divide into two categories: enablers and traits. Enablers are cultural elements that encourage employees to act morally (and refuse to act immorally). These include (1) clarity—concrete, comprehensive, understandable expectations; (2) congruency—consistent ethical behavior on the part of management; (3) feasibility—creating conditions that allow employees to comply with expectations; (4) supportability—organizational support for the ethical conduct of employees; (5) transparency—ability to observe unethical conduct and its consequences; (6) discussability—the opportunity to raise and discuss ethical issues; and (7) sanctionability—punishment of unethical behavior and rewards for ethical behavior.[51] Traits are collective character virtues visible to both insiders and outsiders.

These virtues, in turn, shape organizational reputations. One list of organizational traits includes the following[52]:

Warmth: cheerful, pleasant, open, straightforward

Empathy: concerned, reassuring, supportive, agreeable

Integrity: honest, sincere, socially responsible, trustworthy

Conscientiousness: reliable, secure, hardworking, proud

Courage: ambitious, achievement-oriented, leading, competent

Zeal: imaginative, spirited, exciting, innovative

Virtuousness has both amplifying and buffering effects.[53] *Amplifying* describes how individual virtuousness generates three positive consequences that escalate over time, creating a positive spiral. First, members who view prosocial behavior–acts of compassion, gratitude, and forgiveness–experience positive emotions like love, empathy, awe, and enthusiasm. These positive feelings elevate individual cognitive functioning, foster better decision making, and encourage stronger interpersonal relationships. Second, witnessing virtue enhances collective liking, commitment, collaboration, and trust, which facilitates communication and cooperation. Third, those who see coworkers helping others are prompted to the same. These three effects promote organizational virtuousness and boost organizational performance. Researchers report that virtuous organizations have higher employee satisfaction and lower turnover, are more innovative, retain more customers, and are more profitable.

Buffering describes how high organizational character protects organizations from the negative effects of trauma and stress. Courage, hope, optimism, compassion, and other virtues protect

individuals against psychological distress, addiction, and dysfunctional behavior. In the same way, organizational virtues help protect the group from the negative effects of adversity. Virtuous organizations draw upon the positive consequences of individual virtuousness described in the previous paragraph to develop resiliency, which enables them to bounce back from traumatic events. For example, employees who believe that their organizations are virtuous report few negative, long-term effects of downsizing. (Complete Self-Assessment 9.1 to rate the virtuousness of your organization.)

Self-Assessment 9.1: Organizational Virtue Scale

Instructions

To determine your perception of your organization's virtuousness, rate the group on each item on the following scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Neither agree nor disagree*; 4 = *Agree*; 5 = *Strongly agree*.

1. A sense of profound purpose is associated with what we do here.	1	2	3	4	5
2. In this organization we are dedicated to doing good in addition to doing well.	1	2	3	4	5
3. We are optimistic that we will succeed, even when faced with major challenges.	1	2	3	4	5
4. Employees trust one another in this organization.	1	2	3	4	5
5. People are treated with courtesy, consideration, and respect in this organization.	1	2	3	4	5

6. People trust the leadership of this organization.	1	2	3	4	5
7. Acts of compassion are common here.	1	2	3	4	5
8. This organization is characterized by many acts of concern and caring for other people.	1	2	3	4	5
9. Many stories of compassion and concern circulate among organization members.	1	2	3	4	5
10. Honesty and trustworthiness are hallmarks of this organization.	1	2	3	4	5
11. This organization demonstrates the highest levels of integrity.	1	2	3	4	5
12. This organization would be described as virtuous and honorable.	1	2	3	4	5
13. We try to learn from our mistakes here; consequently, missteps are quickly forgiven.	1	2	3	4	5

14. This is a forgiving, compassionate organization in which to work (or study).	1	2	3	4	5
15. We have very high standards of performance, yet we forgive mistakes when they are acknowledged and corrected.	1	2	3	4	5

Scoring

Add up your scores for each of the virtues (range 3–15). Then add the individual virtue scores to determine an overall virtue score (range 15–75).

Optimism Items 1–3 _____

Trust Items 4–6 _____

Compassion Items 7–9 _____

Integrity Items 10–12 _____

Forgiveness Items 13–15 _____

Total Virtue Score _____

Source: Adapted from Cameron, K. S., Bright, D., & Caza, A. (2004). Exploring the relationships between organizational virtuousness and performance. *American Behavioral Scientist, 47,* 766-790. Used by permission.

Driver 2: Ethical Diagnosis

Determining the organization's current ethical condition is foundational to any systematic change initiative. Diagnosis surfaces moral strengths and weaknesses, areas of misalignment, the criteria for making ethical choices, and shared perceptions of the organization's moral health. These data should then drive the rest of

the change effort. For example, the American Hospital Association (AHA) created a six-part organizational assessment tool that focuses on ethics documents, ethics training, organizational structure, organizational character, specific ethical challenges facing the organization, and employee assessment of the organization's ethical performance. Follow-up to the AHA assessment includes developing detailed plans to address problem areas, establishing new policies, redesigning orientation and training programs, and creating a casebook on ethical dilemmas.[54]

Auditing the cultural components described earlier is one way to diagnose your workplace's current ethical condition. The ethical culture audit probes both formal and informal systems, using the questions listed in Self-Assessment 9.2. When conducting the audit, use surveys, interviews, observation, and analysis to gather information. You could also ask some of these questions when you look for jobs, to assess the ethical status of prospective employers.

Self-Assessment 9.2: Ethics Audit Questions

Use the following set of questions to evaluate the ethical culture of your current organization or one that you would like to join.

Selected Questions for Auditing the Formal System

1. Do organizational leaders send a clear ethics message? Is ethics part of their "leadership" agenda? Are managers trained to be ethical leaders?
2. Does the organization incorporate ethics into its selection procedures? Is integrity emphasized in orienting new employees and training existing ones?
3. Does a formal code of ethics and/or values exist? Is it distributed? How widely? Is it used? Is it reinforced in other formal systems, such as performance management and decision-making systems?
4. Does the performance management system support ethical conduct? Are only people of integrity promoted? Are ethical means as well as ends important in performance management systems?
5. Is misconduct disciplined swiftly and justly in the organization, no matter the organizational level?
6. Are workers at all levels encouraged to take responsibility for the consequences of their behavior? To question authority when they are asked to do something they consider to be wrong? How?
7. Are employees encouraged to report problems, and are formal channels available for them to make their concerns known confidentially?
8. Are ethical concerns incorporated into formal decision-making processes? How? Or are only financial concerns taken into account?
9. Are employees and managers oriented to the values of the organization in orientation programs? Are they trained in ethical decision making?

10. Are ethical considerations a routine part of planning and policy meetings and new venture reports? Is the language of ethics taught and used? Does a formal committee exist high in the organization for considering ethical issues?

Selected Questions for Auditing the Informal System

1. Identify the organization's role models and heroes. What values do they represent? What advice do mentors give?
2. What informal socialization processes exist, and what norms for ethical or unethical behavior do they promote? Are these different for different organizational subgroups?
3. What are some important organizational rituals? How do they encourage or discourage ethical behavior? Who gets the awards—people of integrity who are successful or individuals who use unethical methods to attain success?
4. What are the messages sent by organizational stories and myths? Do they reveal individuals who stand up for what's right despite pressure, or is conformity the valued characteristic? Do people get fired or promoted in these stories?
5. Does acceptable language exist for discussing ethical concerns? Is "ethics talk" part of the daily conversation?

Conclusion

What is your overall evaluation of this organization's ethical culture? What are its areas of strength and weakness?

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Climate analysis is another way to measure moral performance. Ethical climate refers to the "shared perceptions of what is ethically correct behavior and how ethical issues should be handled in the organization." Bart Victor and John Cullen's Ethical Climate Questionnaire (ECQ) is by far the most popular measure of shared ethical perceptions.[55] The ECQ classifies moral climates according to (1) the ethical principles that members use to make moral choices and (2) the groups that members refer to when making ethical determinations. Members out to maximize their self-interest are guided by egoism. Individuals may also seek to benefit others (benevolence) or act according to universal standards (principle). To determine what is ethically correct, they may rely on their own judgments, refer to local organizational standards, or look to outside groups for help.

Victor and Cullen identify five climate types. *Instrumental* climates encourage self-serving (egoistic) behavior, which is often economically driven. *Caring* climates emphasize concern for others and the organization as a whole, even at the cost of meeting individual needs. *Rules* climates are governed by the policies, rules, and procedures (principles) developed within the organization. *Law and code* climates turn to external criteria or principles, like

professional codes of conduct or state laws, for guidance. *Independence* climates are also principled but encourage individuals to make choices based on their personal values and ethics.

Victor and Cullen suggest that an organization's ethical orientation might make it more susceptible to some forms of unethical behavior and shape its response to change efforts. For instance, members of caring organizations may break laws in order to help others. A written code of ethics is likely to receive a better reception in a rules or law and code climate than in a caring or independence environment.

When it comes to the relationship between climate types and ethical behavior, researchers have discovered the following[56]:

- Ethical climates often vary between departments and locations within an organization.
- Rates of immoral behavior and corruption are highest in instrumental climates.
- Organizational commitment and positive feelings toward the organization are greatest in caring and rules climates and lowest in instrumental climates.
- For-profit climates are more likely to be driven by self-interest, while nonprofit climates are more likely to be founded on benevolence.
- An emphasis on obeying the law and adhering to professional codes reduces unethical behavior, particularly when internalized within the organization.
- Employees are more satisfied when they work for organizations with ethical climates that reflect their personal preferences.

- Professionals prefer to work for organizations with rule or law-and-code climates.
- Authoritarian leadership is positively related to egoistic climates and negatively related to benevolent climates.
- Caring and principled climates raise moral awareness; egoistic climates lower awareness of moral issues.
- Caring and law-and-code climates are positively associated with more organizational citizenship behavior while instrumental and independence climates are negatively associated with going beyond the job description.
- Ethical leadership fosters a positive ethical organizational climate.
- Climate has a similar impact on ethical and unethical behavior in a variety of cultural settings, including North America, Africa, and Asia.

According to these findings, self-interest poses the greatest threat to ethical performance, and you need to confront this attitude, whether at the unit level or organization-wide. (See Case Study 9.3 for an example of how organizational selfishness can lead to moral failure.) Creating a more caring environment in your work group can pay off in higher trust and commitment levels; referring to rules and codes can decrease immoral behavior. Finally, match the person (yourself or potential hires) with the climate. Employees are more satisfied and are less likely to leave if their personal ethical preferences match those of the organization.

Driver 3: Engaged Leadership

Significant cultural change is extremely difficult without the buy-in of top leadership.[57] We've already noted how leaders are largely responsible for shaping organizations, play a key role in curbing or promoting destructive behaviors, reinforce or undermine values and standards, and so on. The greater the need for ethical transformation, the greater the need for engaged leaders (see Ethical Checkpoint 9.3).

Organizational psychologist Edgar Schein outlines six primary mechanisms that you can use in a leadership role to establish, maintain, and change ethical culture.[58]

1. *Attention*. Followers will pick up on your priorities through what you pay attention to, measure, and control. Ethics won't be taken seriously unless you consistently talk about the importance of ethical behavior, act ethically, measure moral performance, and punish those who fall short of standards. Systematically and persistently emphasize core values and mission.
2. *Reactions to critical incidents*. The way you respond to stressful events sends important messages about underlying organizational values. Some firms that value efficiency, for example, handle financial setbacks through layoffs. Others, valuing cooperation, cut costs by asking everyone to work fewer hours. Major crises quickly reveal the true ethical character of a leader and the leader's organization. Johnson & Johnson CEO James Burke is a case in point. He earned widespread praise for his response to the Tylenol product-tampering crisis. Under his leadership, the company cooperated with authorities, voluntarily recalled the product, admitted when it released faulty information, and developed new packaging. In contrast, the leaders at Facebook apparently waited a month to disclose that millions of Instagram passwords were unencrypted, making them vulnerable to hackers. Executives at BP grossly

understated the amount of oil gushing into the Gulf of Mexico following an oil rig explosion.[59]

3. *Resource allocation.* How an organization spends its money is a key indicator of its values and priorities. What types of projects get supported? How much money is devoted to ethics programs and training? Does the organization invest in the health and well-being of its employees? Does it support their personal development? The budgeting process also reveals underlying moral assumptions. The greater the organization's commitment to empowering its members, the more likely it is to involve people from all levels of the organization in setting financial targets. Because resource allocation and budgeting send strong cultural signals, think carefully about what you want to communicate when deciding how to create the departmental or organizational spending plan.
4. *Role modeling*. Acting as a role model is more than setting an example; it also means developing others. Become a coach and teacher to others, particularly to those who report directly to you. Help them identify and manage ethical issues and develop their ethical problem-solving skills.
5. *Rewards*. Rewards, discussed earlier in the chapter as an element of performance and evaluation systems, also go hand in hand with attention mechanisms. Use them to draw attention to important goals, shared values, and desirable and undesirable behaviors.
6. *Selection*. Organizations tend to perpetuate current cultural components by hiring people who fit into the current system. If you want to reform the culture, recruit members who share the new ethical standards rather than the old ones. Include ethics in the recruiting process by highlighting corporate values and looking closely at the character of the candidate. Ask applicants such questions as "What ethics coursework did you take in college?" and "Would you accept a free gift from a supplier?"[60] One outstanding candidate for a pharmaceutical position was asked if he had ever been asked to do anything illegal in

business. The candidate was happy to report that he had falsified billing records so that he and a previous supervisor could make their revenue goals. (He didn’t get the job.) When selecting individuals for promotion, advance those who support the group’s mission values and, if necessary, remove those who don’t.

Ethical Checkpoint 9.3

Leading Ethical Turnarounds

Leaders play a particularly critical role in ethical transformation sparked by ethical scandal. Scandals are crisis events that pose a significant threat to the future of the organization. Some, like Arthur Andersen and Theranos, do not survive, while others, such as Wells Fargo and Volkswagen, suffer long-term financial and reputational damage.

Major scandals call for *ethical turnarounds*—significant, rapid changes in the organization's ethical culture. Such turnarounds or rescues call for new leaders who can move the organization in a different, more moral, direction. Prior leaders must be removed to prevent the continuation of unethical conduct. New leaders then have the opportunity to introduce change and to restore trust. Turnaround leaders are credited with transforming the cultures of General Dynamics, Citigroup, Tyco, WorldCom (MCI), Putnam Investments, InterMune, and other companies.

Turnaround leaders employ Schein's mechanisms for cultural change to maximum effect. For example, when Warren Buffett took the helm of Salomon Brothers investment bank after a bond trading scandal, he did all of the following:

- Focused attention on the severity of the situation by immediately issuing a memo stating that all but the smallest ethical infractions should be reported directly to

him. He also eliminated a number of perks, signaling that the company could no longer do business as it once had.

- Reacted to the crisis by admitting the firm's guilt, cooperating with authorities, establishing a board-level compliance committee, and announcing that Salomon would set new, higher standards in the financial industry.
- Acted as an ethical role model, using his image as a conservative, long-term investor (the "sage of Omaha") to counteract the short-term, get-rich-quick approach of the CEO he replaced.
- Instituted a new compensation system, reducing pay and aligning it to performance (return on equity for shareholders) instead of tying pay and bonuses to divisional profits.
- Terminated the employment of those associated with the scandal, refusing to pay their legal fees. He introduced clear, ethical performance standards and replaced the board of directors.

Successful turnaround leaders take the organization through three stages: unfreeze, change, and refreeze. In Stage 1, *unfreezing*, employees let go of their current beliefs and are open to significant ethical change. In Stage 2, *change*, members alter their ethical beliefs, helped by leaders who clearly identify acceptable and unacceptable behavior. In Stage 3, *refreezing*, the new ideals, beliefs, values, and behaviors are locked in (refrozen) with leaders demonstrating their commitment to support ethical behavior going forward.

Ethics professor and consultant Ronald Sims identifies seven keys to successful ethical turnarounds that map onto each stage of the change process. The keys to success in

unfreezing are (1) provide strong, highly visible, and personal leadership that demonstrates total commitment to the turnaround; (2) actively involve as many employees at all levels in the change effort; and (3) build a clearly, articulated shared vision and gather support for it. The keys to success during the change stage include (4) provide frequent, consistent, and open (transparent) communication to all organizational members, and (5) leverage trusted employees as co–change agents by giving them the opportunity to lead the turnaround and to model desired behavior. The keys to success in the refreezing stage are (6) set measurable operational and behavioral goals that measure results and develop ethical skills, competencies, and behaviors, and (7) celebrate successes and readdress shortcomings by holding everyone accountable, publicly praising ethical victories, and seeking continual improvement.

Sources: Sims, R. R. (2000). Changing an organization's culture under new leadership. *Journal of Business Ethics, 25*, 65–78.

Sims, R. R. (2017). *When a new leader takes over: Toward ethical turnarounds*. Information Age.

Sims, R. R., & Brinkman, J. (2002). Leaders as moral role models: The case of John Gutfreund at Salomon Brothers. *Journal of Business Ethics, 35*, 327–339.

Driver 4: Targeted Socialization Processes

Socialization describes the process of becoming a group member. To make this transition, individuals have to learn how to perform their individual roles and, at the same time, absorb information about the organization's culture.[61] There are several reasons why socialization

can play a key role in driving ethical change. First, new members are most susceptible to influence and open to instruction about ethical behavior. Their values and perceptions are being formed, and they are eager to learn how to behave in a new environment. Second, discussion of ethics can be incorporated into existing socialization programs. Third, the values learned during the socialization process will shape employees' behavior throughout their careers with the organization. Fourth, when newcomers become ethical veterans, they then communicate and model important values to new generations of members.

Socialization begins even before a member joins a profession or new organization or organizational unit. For instance, some would-be accountants begin adopting the attitudes and beliefs of the accounting profession before they enroll in their first accounting course.[62] Once enrolled, they learn more about the values of the profession and professional standards through classes, internships, guest speakers, and other experiences. Job applicants typically form impressions about the prospective organization, including its ethical standards, gathered from media reports, recruitment brochures, websites, and other channels. The employment interview plays a particularly significant role in shaping these expectations. Applicants come away with an image of what the organization is like, which may be unrealistic or misleading. This can lead to dissatisfaction and a quick exit after they join if they discover, for example, that the organization's ethical reputation is just a façade.[63]

Formal socialization mechanisms kick in when newcomers begin their membership. As they "learn the ropes," rookies participate in training and orientation sessions designed to integrate them into the organization. They also come under the influence of socializing agents. Important socializing agents include veteran coworkers who serve as day-to-day guides and sounding boards, respected senior peers who guide by example and impart organizational standards and values, supervisors who act as official guides to policies and

procedures, and mentors and advisors who model core organizational values and philosophy.

Mentoring relationships can play a particularly critical role in ethical socialization.[64] Mentors and mentees are accountable to one another and can discuss how to live out organizational values. They establish trusting relationships in which parties can reveal what they believe and why they hold those convictions. Close contact gives the mentor the opportunity to observe the character and behavior of the mentee in both normal and stressful situations. Better mentor–protégé relationships encourage newcomers to report fraud and foster a caring ethical climate.[65]

Socialization concludes when newcomers become accepted members of the group. It should be noted that new members aren't merely sponges that soak up cultural information. They also help to shape the culture by introducing new values and practices. Those who disagree with important organizational goals and values are generally less productive and more likely to find employment elsewhere.[66]

Unfortunately, socialization processes may contribute to immoral behavior. New members can be corrupted through cooptation, incrementalism, and compromise.[67] In *cooptation*, the organization uses rewards to reduce newcomers' discomfort with unethical behaviors. Targets may not realize that these incentives are skewing their judgment, making it easier to rationalize poor behavior. For example, brokers who are rewarded for pushing certain stocks may convince themselves that these picks are outstanding investments. *Incrementalism* gradually introduces new members to unethical practices, leading them up the "ladder of corruption." Newcomers are first persuaded to engage in a practice that is only mildly unethical. They turn to the rationalizations offered by their peers ("Everybody does it"; "Nobody was really hurt"; "They deserved it") to relieve the cognitive dissonance produced by this act. After the

first practice becomes normal, acceptable behavior, individuals are then encouraged to move on to increasingly more corrupt activities. In the end, they find themselves participating in acts that they would have rejected when they first joined the organization. *Compromise* "backs" members into corruption as they strive to solve dilemmas and conflicts. Politicians, for instance, enter into lots of compromises in order to keep and expand their power. Cutting deals and forming networks makes it harder for them to take ethical stands.

The danger of dysfunctional socialization is greatest when newcomers join a social cocoon. A *social cocoon* is a strong culture in which norms and values are very different from those in the rest of the organization or society. In cocoons, members highly prize their membership in the group and tend to compartmentalize their lives, holding one set of values outside work and another on the job. At a prestigious law firm, a cocoon may develop as new attorneys strive to become partners. Veterans of the firm (whom newcomers admire) may encourage rookies to overbill for services and to neglect their families by working extremely long hours. The recent law school graduates put aside their misgivings about these patterns, blaming themselves for their doubts rather than blaming the firm for encouraging unhealthy practices.

As a change agent, target the socialization process in your work group. Promote positive ethical change rather than reinforce corrupt behavior. Start with clearly describing your organization's values and ethical climate in the employment interview. Paint a truthful picture of conditions in your organization. Ask applicants about their ethical experiences and standards. Ensure that ethics is a top priority in orientation and training sessions. Communicate core values and mission statements, present the code of ethics, highlight potential ethical dilemmas, introduce ethics officers and procedures, and engage in ethics discussions. Then place newcomers with socializing agents, particularly mentors, who reinforce rather than undermine values and standards. Provide channels for new hires to express their concerns about ongoing practices. Puncture the social cocoon

by training employees to think about the perspectives of outsiders and by bringing in external change agents—new leaders, consultants, speakers.

Driver 5: Ethics Training

Formal ethics training, as we've seen, should be part of the socialization process. However, the need for ethics education doesn't end when members are assimilated into the group. Ongoing training can play an important role in creating and maintaining ethical environments. Training sessions can increase moral sensitivity and moral judgment, make it easier to use moral vocabulary, reduce destructive behaviors, prevent scandals, reinforce mission and values, and integrate ethical considerations into the fabric of organizational life.

Of course, offering ethics training is not a panacea. There is no guarantee that those who attend will make better decisions or change their behaviors; poorly designed training programs can actually increase resistance to change. Nonetheless, effective ethics training can make a positive difference in your organization. Effective training does the following[68]:

1. *Has clear objectives and assessments*. Determine objectives before training begins. Is it to introduce and clarify the code of ethics? Ensure compliance with federal regulations? Encourage employees to report misbehavior? Raise awareness of ethical issues? Improve moral decision making? Assess outcomes to determine if the objectives have been reached through quizzes, self-assessments, ethics journals, team assignments, ethics hotline call volume, and so on.
2. *Focuses on your organization's unique ethical problems*. The most useful training addresses the dilemmas encountered by group members. Issues that professors face (grading, academic

freedom, tenure decisions) will be different from those encountered by physicians (managed care, patient privacy, malpractice), for instance. Help your organization's employees identify potential ethical issues that may be hidden at first. Introduce examples drawn directly from the organization, industry, and profession. Equip trainees with the tools they need to solve these dilemmas.

3. *Allows plenty of time for discussion and interaction*. Key concepts can be presented in lectures and handouts, but spend most of your class time in dyadic, small-group, and large-group discussion. Introduce case studies, raise questions, and debate issues. Trainees can also interact about ethical issues outside of class via the internet. However, be cautious about offering ethics training solely over the internet. Web-based programs are not as conducive to in-depth discussion of complex ethical issues.
4. *Taps into the experiences of participants*. Ask your trainees to provide dilemmas and insights drawn from their own experiences. Participants then become the instructors, teaching one another. They also receive feedback that enables them to better handle their dilemmas.
5. *Is integrated into the entire curriculum*. The stand-alone ethics workshop or class promotes moral reasoning but is easily disconnected from the rest of the organization's activities. Whenever possible, you should integrate ethics discussion into other subjects, like sales skills, leadership development, conflict management, and supervision.

Driver 6: Continuous, Mindful Learning

No organization is perfect. Even ethically transformed organizations are subject to moral failure, a risk that increases as organizations get larger and more complex. Consider the case of Starbucks. The firm, which has a reputation as one of the world's most socially conscious

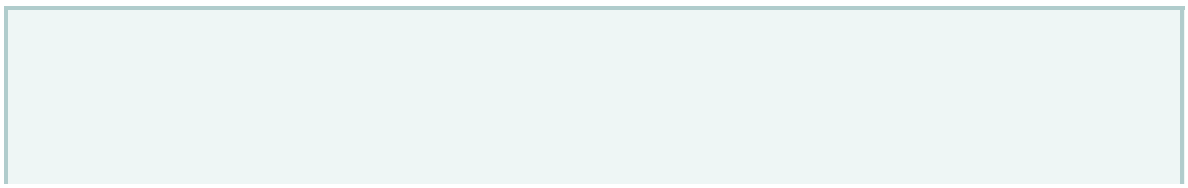
companies, faced an ethical crisis when the manager of a single location in Philadelphia called the police on two Black men waiting to start a meeting. In response, the company closed its 8,000 U.S. company-owned stores to conduct a 4-hour racial bias training session. Starbucks is not alone. In one 5-year period, 79% of the world's number-one most admired companies lost their top standing.[69] Reducing the ever present risk of moral failure calls for mindful learning. *Mindful learning* is the ongoing process of reclassifying new information instead of putting it into previous categories.[70] (See Chapter 4 for more information on mindfulness.) Being mindful enables members to see though their normal routines, their past experiences, and their training to identify minor deviations. Noting when "something does not look or feel right" is key to preventing an ethical crisis, particularly since, as we noted earlier, corruption often starts with small steps. Rising customer complaints, attempts to circumvent spending limits, waivers of ethics provisions, additional call volume to ethics hotlines, suspicious expenses, high turnover, and unusual sales gains could all signal that something is amiss.

Children's Hospitals and Clinics of Minnesota engages in mindful learning to improve patient safety. Chief Operating Officer Julie Morath created a "blameless reporting" system to overcome the team defense mechanisms described in Chapter 8. The system makes it safe for personnel to report failures and near misses like prescribing the wrong medication or dosage. Nurses and doctors file reports, and groups conduct After Action Reviews to determine what happened (not to blame participants). To address faulty prescriptions, the hospital worked with local medical students and residencies to correct unsafe prescription practices like illegible handwriting, trailing or missing zeros, and ordering by quantity instead of dosage strength. To guard against arrogance, officials posted examples of unsafe order writing on flaps in gathering areas and asked physicians and nurses to guess what the writer intended

to prescribe. After making the guess, they raised the flap to see whether they got the right answer.[71]

Learning is also critical when ethical crisis strikes. Failures teach more powerful lessons than successes. The greater the failure, the greater the learning and change that can result. The good news is that organizations can recover fully from ethical lapses. In fact, employees of organizations that respond effectively to moral crisis have a more positive image of their organizations than if no ethical failure had occurred.[72] Learning from crisis involves addressing the immediate problem by apologizing, separating from the individuals or units engaged in wrongdoing, and so on. It also means fixing the outcome (i.e., paying a fine, reimbursing victims), strengthening the formal elements of ethical culture (codes of ethics, policies), and instituting new training. Organizations may also need to critique the group's cultural assumptions, abandon important beliefs and values, and discard long-standing rituals.[73]

Organizations can also learn vicariously through the failure of others. For instance, law enforcement organizations changed their response to active school shooters after the attack on Columbine High School in 1999. At Columbine, police cordoned off the school and waited to enter the building. In the meantime, the shooters continued to kill fellow students and faculty as live television showed groups of police standing around outside the building apparently doing nothing. Police realized that the "cordon and contain" strategy, which was effective with traditional hostage takers open to negotiation, didn't work with young shooters out to kill as many people as possible. Now the first officers on the scene immediately enter the building to engage the active shooter while the next officers cordon off the area and assist victims.[74]



Chapter Takeaways

- Strive to create organizations that are ethically transformed rather than ethically decoupled. Transformed organizations are ethics driven; values and standards shape behaviors, decisions, and relationships.
- Both the formal and informal components of your organization's culture will influence the ethical behavior of employees. Address all of these elements to foster an ethical workplace.
- Core values serve as enduring, guiding principles that reflect what organizational members find intrinsically valuable.
- Create a powerful mission or purpose statement that reflects the ideals of members while inspiring and promoting ethical behavior.
- Codes of ethics can play a vital role in improving an ethical climate. Your organization's ethical guidelines need to address the specific ethical dilemmas faced by members and have the backing of senior managers who consistently enforce them.
- Structure shapes ethical behavior through the creation of authority relationships, delineation of lines of accountability, and the allocation of decision-making rights.
- Boards of directors are tasked with seeing that the organization's business is conducted in the best interests of the stockholders/supporters. Effective, ethical boards

maintain their independence from top management and take their duties seriously.

- To promote moral behavior, acknowledge ethical performance, reward desirable (not undesirable) activities, and make sure goals are reached through ethical means.
- Set up channels that members can use to report misbehavior and ask for information. Appoint ethics officers to oversee compliance and ethics programs. Ensure that they have the power and independence to carry out their duties.
- Monitor the organization's vocabulary to see if it reflects unhealthy attitudes and values. Use moral terminology even when making routine decisions, and avoid euphemisms, which hide the ethical implications of choices.
- Create norms—widely accepted standards of behavior—that support, not undermine, formal codes and policies.
- Analyze rituals to determine the behaviors, values, and priorities they promote. Modify those rites that poison the ethical climate.
- Tell and retell organizational stories that model desired behaviors; identify worthy heroes.
- Strive for organizational virtuousness, which represents what people aspire to when doing their best.
- Use an ethics audit to measure the relationship of cultural components and ethical behavior. Conduct an ethical climate analysis to determine how members

perceive what is ethically correct behavior and how they believe the organization deals with ethical issues.

- As a leader, be actively engaged in creating, maintaining, and changing ethical culture through attention, your reaction to critical incidents, resource allocation, role modeling, rewards, and selection.
- Communicate positive moral values and standards to newcomers through recruitment materials, employment interviews, formal orientation programs, and socializing agents.
- Focus ongoing ethics training on your organization's unique ethical problems, allow plenty of time for trainees to discuss issues, tap into the experiences of participants, and integrate discussion of ethics into the entire curriculum.
- Engage in continuous mindful learning to identify minor deviations that could lead to ethical failures. Learn from the failures of your organization and the failures of other organizations.

Application Projects

1. Brainstorm a list of ethically decoupled organizations and a list of ethically transformed organizations. How do these organizations differ?
2. List the core values of your organization. Are they worth pursuing? How well are they publicized? How well are they supported by the behavior of organizational leaders?
3. Evaluate the effectiveness of the mission statements in Ethical Checkpoint 9.1, or, as an alternative, collect and evaluate your own examples. How well do these statements guide, inspire, and promote ethical behavior? What characteristics separate the effective statements from their ineffective counterparts?
4. Partner with an organization to develop a code of ethics for its members. Determine the common ethical issues faced by the group. Follow the guidelines presented in the chapter to create the code provisions. Get feedback from the organization on the usefulness and effectiveness of your document.
5. With your fellow employees, volunteers, or students, identify a list of norms in your organization. Compare these norms with the group's formal code of ethics, core values, and mission statement. Do the norms support the formal cultural components? Brainstorm strategies for bringing them into alignment. Report your findings to a significant organizational decision maker.
6. Do an in-depth analysis of an important organizational ritual. Identify its manifest and latent ethical functions. Write up your findings. As an alternative, analyze an important organizational story to determine the messages it communicates.

7. How virtuous is your organization based on your responses to Self-Assessment 9.1? Which virtues does your organization demonstrate? Fail to demonstrate? How does it compare to another, similar organization?
8. Complete Self-Assessment 9.2 to analyze your organization's ethical culture. Record your answers to each question. Conclude with an overall evaluation of the group's moral condition and suggestions for improvement. If you can, distribute the ethics audit questions to others, and discuss your findings as a group.
9. Analyze your socialization experience from an ethical vantage point. How well did the organization communicate its values and standards? Was ethics incorporated into the job interview? What could be done to improve the socialization process?
10. Attend an ethical training program, and evaluate its effectiveness using the guidelines in the chapter.
11. Interview an organizational ethics officer, basing your questions on material presented in the chapter. Report the results of your conversation to the rest of the class.
12. Create a case study based on an organization's attempt to change its ethical culture. Outline what can be learned from this group's experience.

Case Study 9.1: Making Ethics Matter at Tata Steel

India's Tata Steel, one of the largest steel makers in the world, is serious about ethics. As evidence of that fact, consider the following:

- The company sponsors an annual Ethics Month featuring ethics pledges, online quizzes, film festivals, and other events that commemorate and reinforce corporate values: integrity, unity, responsibility, pioneering, and excellence.
- Tata hired an ethics officer at the senior management level before many other large corporations.
- Leaders were appointed to oversee implementation of the firm's code of ethics in each department and were rewarded for their efforts.
- When rolling out the code of conduct, awareness programs were held for the families of executives. Ethics staff hoped that family members would feel a stronger ethical connection to the company and would encourage employees to follow the ethics code.
- Tata's board fired a CEO, in part, because he didn't uphold the ethical standards of the company.
- Company officials publicly honor "reputation champions" who demonstrate exemplary ethical behavior.

- The firm publicizes code violations and disciplinary actions (but not the names of offenders) to the workforce.
- Tata was the first company in India to conduct a social audit.
- In 75 years, the steel maker has not suffered labor unrest.
- Tata engages in a wide variety of social programs addressing everything from rural development and marginalized communities to family planning and sports activities.
- The steel manufacturer is regularly named to the world's list of most ethical companies for its ethics compliance program, corporate citizenship, governance, leadership, and reputation.

Tata Steel's ethical commitment can be traced back to Tata Group founder Jamsetji Tata, who started the company in 1868. Tata believed that business should serve society:

> We do not claim to be more unselfish, more generous or more philanthropic than other people but we think we started on sound and straightforward business principles, considering the interests of the shareholders our own, and the health and welfare of the employees, the sure foundation of our success.[1]

Tata family members helped carry forward the founder's ethical legacy over the next 150 years. Today, company

leaders continue to take ethical inspiration from Jamsetji Tata. They tie their code of ethics to his values and ideals. Their stated goal is to remain true to his vision. The firm's Ethics Month is held in July, which is the month of Tata's birthday. The founder's words and picture appear on the website.

Tata Steel's ethical stance has not made it immune to moral miscues. Two of Tata's British executives were charged with falsifying quality reports. Company officials are accused of failing to protect retirees in Britain. Environmental groups criticized the firm for helping build a port next to a sensitive Indian wetland. Despite the setbacks, however, ethics continue to matter at Tata Steel. Jamsetji Tata's values and ethos appear to be embedded in the firm's DNA.

Discussion Probes

1. What other companies are known for their outstanding ethical reputations?
2. How do you determine if an organization is serious about ethics? Have you been a member of such an organization?
3. How important is an organization's ethical culture when deciding whether to take a job offer?
4. If you were assigned to organize an Ethics Month at your organization, what kinds of activities would you plan?
5. Do you think publicizing code violations and punishments is an effective way to deter ethical misbehavior?
6. Should other companies follow the lead of Tata and brief the families of their employees on their codes of ethics? Would such an approach be effective in Western societies?

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Note

1. Tata Steel corporate website. https://www.tatasteel.com

Case Study 9.2: No Good Deed Goes Unpunished: Failing to Live Up to Corporate Values at U.S. Bank

Minneapolis-based U.S. Bank has a "people-first" set of corporate vision and values. The company declares that employees are "empowered to do the right thing" and calls on them "to be champions of the people we serve and work with, advocating for their dreams, ambitions and best interests."[1]

Portland, Oregon, call center employee Emily James appeared to be living out U.S. Bank's values on Christmas Eve 2019. That day, she drove to a local service station to give $20 to bank customer Marc Eugenio so he could buy gas to drive home. Eugenio had deposited a $1,080 paycheck, but the bank put a hold on the money. He spent two days at a local branch trying to get access to his account so he could buy presents for his son and daughter. On Christmas Eve, he spent hours trying to use his debit card at the gas pump, hoping that the money would appear in his account. "I was stranded," he said. "I could have walked home but it would have been five miles in the cold."[2] He then called the bank's toll-free number and talked to James. She realized that Marc had been misled and that his money wouldn't be released. Feeling bad for Eugenio, Emily got permission from her supervisor and drove 20 minutes to the gas station and handed him $20, wishing him "Merry Christmas." She then drove straight back to work.

Instead of honoring James for her generous act, U.S. Bank officials fired her and the supervisor who approved her rescue mission, claiming they violated policies forbidding call

center employees from meeting customers. The bank issued a statement, saying, "She broke the rules, putting herself and the bank at unnecessary risk." A bank official later claimed that James misled her supervisor and could have found other ways to get the money to Eugenio. James, who received a number of honors and commendations during her time at U.S. Bank, remains convinced she did the right thing, noting, "I can't change the world but I can change the world for that one person."[3] Out of a job with no severance package from the bank, she lost her health insurance and began selling blood plasma to pay the bills.

James's firing led to national and international outrage. Initially, U.S. Bank stood by its decision to fire James. CEO Andy Cecere then stepped in, declaring, "I will fix this." He apparently acted in response to a scathing *New York Times* column. Nicholas Kristof pointed to the incident as an example of how "some companies have lost their souls." Kristof went on to say,

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> The bottom line is this: Cecere, who was paid $14.1 million in 2018, presides over a company that has smeared a much-decorated employee who helped a customer and as a result survives by selling blood plasma. I suggest Cecere apologize, reinstate James and promote her; he might also show contrition by selling his own blood plasma and donating the proceeds to a charity of James's choosing.[4]

Cecere offered an apology for the incident, declaring that "this is not who we are" and taking "full responsibility" for what happened. He then offered to hire back both the supervisor and James at higher pay. The supervisor immediately accepted the offer and returned to the company.

James interviewed with several other employers who contacted her after learning of her plight. She took a position created for her at a credit union in California.

Discussion Probes

1. What factors make it hard for companies to live up to their lofty values?
2. Do you agree with Kristof when he claims that this incident demonstrates that U.S. Bank has lost its "soul"? Why or why not?
3. Did delivering the money to the customer pose a risk to James? To the company? Were there other alternatives available to meet Eugenio's needs?
4. What changes should the bank make to its policies to prevent a similar situation from happening again? To bring them more in line with corporate values?
5. If you were Emily James, would you have returned to your job at U.S. Bank at a higher salary? Why or why not?

Notes

1. U.S. Bank mission, vision & values. (n.d.). Comparably. https://www.comparably.com/companies/u-s-bank/mission

2. *Woman says US Bank fired her after helping man on Christmas Eve*. (2020, January 16). KOIN.

3. Ibid.

4. Kristof, N. (2020, February 1). She helped a customer in need. Then U.S. Bank fired her. *The New York Times*.

Case Study 9.3: Striking Out: How the Astros' Culture of Success Became a Culture of Dysfunction

The rise of the Houston Astros seemed a magnificent rags-to-riches tale of sports glory, culminating in a World Series championship in 2017 and a runner-up finish in 2019. Prior to their championship crown, the Astros were the worst team in baseball in 2011, 2012, and 2013. The Astros' culture was a losing one, and it seemed like a team mired in failure was destined to stay in that place for the foreseeable future.

The Astros' leadership, headed by their general manager, Jeff Luhnow, decided that drastic changes were needed. The team was tired of being a laughingstock, and was willing to do whatever it took in order to turn around its fortunes. A new culture was built, a culture that put winning above all else. Fairly quickly, the Astros turned around their losing record.

At the core of Houston's culture shift was a move away from human-based scouting to a reliance on statistical data. Even as other teams built up their scouting departments, the Astros poured their resources into a robust analytics department, which used statistics to determine what players to drafs to put in the lineup or to bench. They increasingly became known as an insular organization on an island, arrogantly doing things their own way, not caring what outsiders thought. As one sportswriter put it, "This was their culture—the renegades who disregarded what the rest of the industry thought because they were getting it right."[1]

An example of the Astros' tone-deaf, insular culture emerged following a big playoff win in 2019. Months earlier, the team had taken a chance by trading for Roberto Osuna, a talented pitcher who was suspended by Major League Baseball (MLB) for 75 games for violating the league's domestic violence policy. Accused of battering the mother of his child, Osuna had been blacklisted by several ball clubs. However, the Astros saw him as the missing piece in their quest for a championship. Following their playoff victory, the team's assistant general manager, Brandon Taubman, spotted three female reporters in the team's clubhouse, one of whom was wearing a purple domestic-violence-awareness bracelet. According to multiple reports, Taubman began a profanity-laced rant directed toward the women, exclaiming, "I'm so glad we got Osuna!"[2]

When *Sports Illustrated* published a story that referenced Taubman's verbal attacks, the Astros' administration was quick to dismiss the story as "misleading and completely irresponsible." Only after public criticism did the team reverse course and decide to fire Taubman. In his press conference following the firing, General Manager Luhnow spoke about a culture of accountability within the Astros' organization. Events that followed proved his comments to be far from the truth.

In the fall of 2019, reports began to emerge accusing the Houston Astros of using technology to steal signs—the signals that the opposing team uses to determine what the next pitch would be. Knowing what's coming next (fast ball, curve, slider, or changeup) gives a significant advantage to the batter. The first complaints came from the New York Yankees, who claimed that the Astros were using a whistling signal to let their batters know when a certain pitch was coming. Investigating the claims, a fan named Jimmy O'Brien posted a video on YouTube that highlighted a suspicious

banging sound emanating from the Astros' dugout every time that the opposing catcher signaled a particular pitch. While the team vehemently denied the allegations, the evidence was damning. As more videos emerged on the internet, a former pitcher for the Astros, Mike Fiers, acknowledged that the team used a camera in center field during their championship season in 2017 to steal signs from the opposing catcher. Players in the clubhouse then banged on trash cans to indicate what the next pitch would be.

MLB determined that the Astros had cheated and suspended General Manager Luhnow and Field Manager A. J. Hinch. The team's owner, Jim Crane, then fired them both. The Astros' organization was hit with fines and lost draft choices. None of the Astros' players were penalized for the infraction, however, and the team was able to retain its World Series title. In his statement, speaking about the Houston Astros' team culture, MLB Commissioner Rob Manfred opined:

> It is clear to me that the culture of the [Astros] baseball operations department, manifesting itself in the way its employees are treated, its relations with other Clubs, and its relations with the media and external stakeholders, has been very problematic. At least in my view, the baseball operations department's insular culture—one that valued and rewarded results over other considerations, combined with a staff of individuals who often lacked direction or sufficient oversight, led, at least in part, to the Brandon Taubman [misogynistic] rant, the Club's admittedly inappropriate and inaccurate response to that incident, and finally, to an environment that allowed the conduct described in this report to have occurred.[2]

Many in and around MLB believe that the consequences were not serious enough, and wonder if the team has learned its lesson. In a press conference following the league's ruling, Crane remarked, "We're apologizing because we broke the rules," adding, "Our opinion is this didn't impact the game. We had a good team. We won the World Series and we'll leave it at that."[3] Time can only tell if a lesson has truly been learned.

Discussion Probes

1. Do you agree that sign-stealing didn't impact the outcome of the World Series?
2. Should the Astros have to forfeit their title?
3. Was owner Jim Crane's apology adequate? If not, what should he have said instead?
4. Who is most to blame for the Astros' organizational culture and scandals?
5. What steps should the Astros take to create a more ethical organizational culture? What obstacles does the team face in making this change?
6. Does the focus on winning and losing make sports teams more vulnerable to cheating than other types of organizations? Why or why not?
7. How can organizations avoid becoming too isolated and insular?

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Notes

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2. Ibid.

3. Axisa, M. (2020, February 13). *Astros owner Jim Crane says sign-stealing scandal "didn't impact the game" as team issues public apology*. CBS Sports.

CHAPTER 10 MANAGING ETHICAL HOT SPOTS IN THE ORGANIZATION

Learning Objectives

- Define the marketing, finance, and human resource functions.
- Identify ethical issues in marketing, finance, accounting, and human resource management.
- Apply ethical principles and strategies to marketing dilemmas.
- Explain the ethical foundations of finance and accounting.
- Utilize finance and accounting codes of ethics to resolve ethical dilemmas.
- Compare the three types of organizational justice.
- Create strategies for dealing with harm caused by human resource decisions.

Chapter Preview

Ethical Marketing

- Ethical Issues in Marketing
- Ethical Principles and Strategies

Ethical Finance and Accounting

- Ethical Issues in Finance and Accounting
- Ethical Principles and Strategies

Ethical Human Resource Management

- Ethical Issues in Human Resource Management
- Ethical Principles and Strategies

Chapter Takeaways

Application Projects

Forest firefighting crews provide summer employment for college students, particularly for those studying in the western United States. An important part of the forest firefighter's job is managing hot spots so they don't flare up and become major blazes. Hotshot crews parachute in to put out small fires caused by lightning strikes,

and when a major fire is contained, firefighters are careful not to leave areas that could reignite.

While forest fire crews have to be alert for physical hot spots, organizational leaders and followers have to recognize ethical "hot spots." These are organizational activities or functions that frequently put the group at risk. Three common ethical hot spots are marketing, finance/accounting, and human resources. Failure to manage these moral danger zones is behind many of the organizational scandals described in previous chapters, including, for example, the Malaysian 1MDB fund, Wells Fargo, Nissan Renault, Fox News, Uber, the U.S. Navy, and Miramax films. Not only do marketing, financial, and human relations practices offer lots of opportunity to engage in unethical behavior, but they are essential to all types of organizations. Every organization must deal with customers, must track and invest financial resources, and must meet the needs of its members.

In this chapter, I'll introduce principles and strategies specifically designed to help you and your organization manage the ethical dangers posed by marketing, financial operations, and human resource management. We can never completely eliminate these hot spots, but we can help prevent them from exploding into ethical fires. In this chapter, I'll describe some of the ethical issues that arise in the practice of each function and then introduce guidelines for responding to these challenges.

ETHICAL MARKETING

Ethical Issues in Marketing

All types of organizations have to manage relationships with customers, including businesses selling products and services, government agencies encouraging citizens to take advantage of their programs, universities trying to lower binge drinking among students, and nonprofits soliciting donors. However, marketing involves far more than the transaction between buyer and seller. Instead, this function "involves all aspects of creating a product or service and bringing it to market where an exchange can take place."[1] These aspects include product, price, promotion, and place. Product describes *what* is being marketed. Price refers to the *cost*, which is determined by the parties in an exchange. Promotion deals with *how* products and services are marketed. Placement is concerned with *where* a product or service gets placed in the marketplace.

Ethical dilemmas arise throughout the marketing process. Important ethical issues include the following:

1. *Ethical issues related to product:* Product safety, product quality, product design, packaging, labeling, and ethical products.
2. *Ethical issues related to price*: Price fairness, price fixing, price discrimination, price gouging, and misleading pricing.
3. *Ethical issues related to place:* Exclusive distribution rights, channel control, and slotting allowances.
4. *Ethical issues related to promotion:* Advertising, ethics, product placement, direct marketing, and sales promotion.
5. *Ethical issues related to sales:* Ethical conflicts of salespeople, ethical values and behavior of salespeople.

6. *Corporate ethical decision making:* Corporate ethical decision making, ethical values and ethical behavior of managers, corporate social responsibility, and marketing.
7. *Codes and norms:* Marketing ethics theory, ethical norms, and codes of ethics.
8. *Ethical issues related to consumers:* Consumer ethical decision making, ethical values, and ethical perceptions of consumers.
9. *Ethical issues related to vulnerable consumers:* Ethical aspects of marketing decisions regarding children, the elderly, and poor people.
10. *International/cross-cultural marketing ethics:* Unethical conduct of multinational corporations, cross-national comparisons of various topics, such as corporate ethical decision making and consumer ethical decision making.
11. *Ethical issues related to marketing research:* Ethical responsibility and conduct of marketing research enterprises and their customers, such as embellishing results, privacy issues, and so on.
12. *Ethical issues related to marketing education:* Integration of ethical questions in marketing education.
13. *Ethical issues related to social marketing:* Concept and definition of social marketing, ethical dimensions of social marketing, social responsibility of marketing managers, and cause-related marketing.
14. *Ethical issues related to green marketing:* Social responsibility and costs of green marketing.
15. *Ethical issues related to law:* Relationship between law and ethics within the marketing field.
16. *Ethical issues related to the internet:* data protection and privacy, identity theft, phishing, and online auctions.
17. *Ethical issues related to religion:* Impact of religion and religious values on marketing ethics.

Source: Schlegelmilch, B. B., & Oberseder, M. (2010). Half a century of marketing ethics: Shifting perspectives and emerging trends.

Journal of Business Ethics, 93, pp. 2–3. Used with kind permission from Springer Science & Business Media

Ethical Principles and Strategies

As you can see, ethical issues in marketing vary greatly. Fortunately, researchers and practitioners offer guidelines that can help us deal with these issues no matter what form they take. Five such sets of ethical marketing guidelines are the American Marketing Association's norms and values, the mutuality principle, ethical marketing standards, honorable marketing influence, and marketing virtues.

American Marketing Association Statement of Ethics

The American Marketing Association (AMA) urges practitioners, academics, and students to follow the "highest professional ethical norms" as well as the values that come from serving stakeholders like customers, employees, regulators, investors, peers, and communities. Key components of the AMA's code of ethics include the following[2]:

1. *Do no harm.* Consciously avoid harmful actions or omissions of fact; follow all laws and regulations when making choices.
2. *Foster trust in the marketing system.* Act in good faith and deal fairly with others, which ensures that exchanges are done efficiently. Avoid deception in every aspect of marketing—product design, distribution, pricing, and advertising.
3. *Embrace ethical values*. Build relationships and consumer confidence in marketing by embracing these core values:

    - Honesty—being forthright in dealings with customers and other stakeholders. For instance: tell the truth, stand behind products, honor commitments and promises.

- Responsibility—accepting the consequences of marketing decisions and strategies. For example: avoid coercion, protect vulnerable market segments, practice environmental stewardship.

- Fairness—balancing the needs and interests of buyer and seller. For example: avoid deception and false misleading advertising, reject manipulation, refuse to engage in price fixing or predatory pricing, protect the private information of customers.

- Respect—recognizing the human dignity of all stakeholders. For example: avoid ethnic stereotypes of customers, listen to consumers, treat people from all cultures with respect.

- Transparency—creating a climate of openness in all marketing operations. For example: communicate clearly, accept criticism, disclose pricing and financing information, be open about how consumer data are collected, protected, and shared.

- Citizenship—fulfilling economic, legal, philanthropic, and societal responsibilities to serve stakeholders. For example: protect the environment, give back to the community through contributions of time and money, treat producers in developing countries fairly.

Source: American Marketing Association. (n.d.) *Statement of Ethics*. Accessed October 5, 2017. https://www.ama.org/AboutAMA/Pages/Statement-of-Ethics.aspx.

The Mutuality Principle

Nigerian business educator Juan Manuel Elegido believes that reciprocity should underlie all relationships between companies and

their customers.[3] Marketing should create mutually beneficial exchanges between buyers and sellers. Rather than favoring the interest of one party or the other, the interests of both should be kept in mind through win-win transactions.

Elegido outlines four requirements of the mutuality principle that balance the interests of both buyers and sellers.

1. Firms should strive to make their products safe and functional, effectively performing the tasks for which they are purchased. However, firms don't always have to provide the highest quality and service.
2. When pricing products, companies won't charge as much as they could but will match the price with the value supplied to the consumer. On the other hand, firms aren't obligated to offer the lowest-possible price.
3. Companies shouldn't undermine the autonomy of consumers by denying them information that will help them benefit from sales transactions. They should also refrain from encouraging buyers to abuse products—alcohol, prescription drugs, and so on. But firms aren't the agents of customers so they don't have to provide all the information that customers might want, like product formulas or manufacturing costs.
4. Sellers should refrain from subverting the interests of buyers by, for instance, trying to increase sales by promoting materialistic messages that can lower self-esteem and increase the risk of anxiety and depression.

Mutuality doesn't eliminate profit but shifts the focus to providing goods and services that are of value to customers while ensuring a fair return to sellers. Under this principle high profits are possible. According Elegido, "There is nothing in this principle that precludes sellers from making large profits; all it requires is that they make their profits by creating very high value for their buyers and then insisting on receiving commensurate benefits from those buyers."[4] Apple products are an example of high-value/high-profit

relationships. Consumers are willing to pay high prices for the company's iPhones, iPads, and other devices because they believe they are receiving high value in return. High profit margins and sales have made the company one of the most valuable in the world.

Honorable Marketing Influence

Marketing advocate and critic David Hagenbuch urges marketers to exert honorable influence by avoiding inappropriate marketing strategies. The "sins" of unethical influence include the following[5]:

First Sin: Deception. Encouraging consumers to believe something that isn't true. Examples: weight loss ads that feature only extraordinary results, disguising promotion as research, failing to disclose defects in used cars.

Second Sin: Coercion. Pressuring consumers into doing something against their will; taking away the freedom to make a rational choice. Examples: giving buyers an either-or choice ("Make a bid on this house today or lose the chance to purchase it"); creating a high level of guilt (showing abused animals to raise donations) or fear (boosting sales of home security systems by showing graphic images of break-ins).

Third Sin: Manipulation. Using deception and manipulation to convince consumers to select an outcome they wouldn't have chosen otherwise. Involves planning. Examples: withholding the cost of a vacation or seminar until the customer is committed to purchasing; advertising a low-price item but shifting to a more expensive item when the customer arrives at the store (bait and switch); offering company purchasing agents bribes or inducements to order products.

Fourth Sin: Denigration. Cheapening the inherent worth of people or things. Examples: using sexy, scantily clad women to sell beer; television commercials for cars and appliances that "yell" at viewers; selling academic papers and degrees on the internet.

Fifth Sin: Intrusion. Unwelcome invasion of the consumer's physical, emotional, or online space; an invasion of personal privacy. Examples: secretly tracking the movements of store shoppers; unwanted pop-up ads based on search histories; selling customer data to third parties.

Sixth Sin: *Encouraging overindulgence*. Promoting consumption that goes beyond what is beneficial for the consumer physically, emotionally, or financially. Examples: pushing addictive products; aggressively marketing unhealthy foods; promoting loans to buyers who can't afford to repay them.

Seventh Sin: Neglect. Not providing services expected of a competent marketer. Examples: failure to notify the buyer of important information (e.g., upcoming price increases, product warranties); failing to provide service after the sale.

Ethical Marketing Standards

One way to improve ethical performance of marketers is by outlining aspirational standards for them to strive for.[6] These core or essential principles paint a picture of what marketing organizations can and should be. Marketers who want to "operate on a high moral plane" will try to live up to five guidelines. The *principle of nonmalfeasance* is based on the notion that marketers, like doctors, should do no major harm to consumers. Products should be backed by warranties, and marketers shouldn't promote products that endanger customers. Under this principle, promoting many weight loss programs and herbal health supplements, which can have serious side effects,

would be unethical. (Case Study 10.1 describes how one firm aggressively marketed a product that produced great harm.) The *principle of nondeception* states that marketers should never intentionally mislead or manipulate consumers. Those who exaggerate the benefits of products, promise unrealistic delivery dates, or spread lies to undermine political opponents are in violation of this principle. Such practices undermine the audience's normal decision-making process.[7] The *principle of protecting vulnerable market segments* encourages marketers to take "extraordinary care" when selling to children, the elderly, the poor, and those with mental challenges. This principle protects the disadvantaged and maintains their dignity. Violators of this precept include rent-to-own furniture outlets and payday loan companies that charge high interest rates.

The *principle of distributive justice* highlights the obligation marketers have to make sure that their practices are fair to all market segments. These practices shouldn't further disadvantage groups that have less information, money, and access to products. A supermarket chain that offers better meat and produce in high-income neighborhoods than in poor areas falls short on this guideline. However, the distributive justice principle goes beyond the actions of individual marketers to address their shared responsibilities as a profession. An individual company might behave justly, but larger marketing trends may be unfair. For example, the "digital divide" means that low-income consumers have less access to computers and the internet and can't take advantage of additional products and online discounts found on the web. Collectively, companies who rely heavily on e-marketing have a greater duty to consider and mitigate these effects.

The *principle of stewardship* highlights the social duties of marketers, urging them to serve the common good. Specifically, they should not impose additional costs on society or on the environment through their internal marketing programs and activities. For instance, paying substandard wages to marketing employees lowers costs for the company but increases the burden on society if they

are forced to go on welfare. The clutter of billboards and electronic signs are a form of aesthetic pollution that puts an added burden on the environment. Stewardship-oriented marketers and businesses use sustainable products, buy from local growers, support fair trade policies, and so on. (I'll have more to say about sustainability and corporate citizenship in Chapter 11.)

Marketing Virtues

Dissatisfaction with the current state of marketing has prompted some experts to argue for significant reform.[8] Not only are many marketing programs wasteful and ineffective (most industries spend half of their resources on the marketing function), but also a great number are unethical, exploiting consumers. Marketers prey on the needs and fears of buyers, deceive them, and pressure the people they trust (doctors, pharmacists) into giving them bad advice. Aggressive, combative marketing mind-sets and tactics need to be replaced by a "kinder, gentler" approach that puts a premium on treating consumers with respect and fostering two-way communication. Ethical reform will require that marketing professionals and their organizations demonstrate high character (see Chapter 2). Here is a list of the virtues that foster positive relationships with customers:

Truth. Restore marketing credibility by being objective and truthful.

Integrity. Maintain high standards with customers.

Authenticity. Don't try to fool customers by "personalizing" impersonal messages.

Trust. Develop mutual trust to build relationships with customers.

Respect. Don’t treat customers like idiots.

Reciprocal empathy and vulnerability. Employ empathy with customers and allow marketers and customers to open up to one another.

Dialogue. Listen to consumers instead of always speaking at them.

Manners. Use marketing messages that are polite and deferential instead of loud and insensitive.

Forgiveness. Ask for forgiveness for past abuses.

Courage and patience. Recognize that changing past marketing practices takes courage and time.

Gratitude and recognition. Recognize and honor customers, and help customers recognize outstanding employees.

Humility. Shed the pride and excessive self-confidence of many marketers and organizations.

Perspective. Seek to be a positive force in the lives of consumers, not a nuisance.

ETHICAL FINANCE AND ACCOUNTING

Ethical Issues in Finance and Accounting

Finance and accounting are closely related functions that support the ongoing operations of an organization.[9] *Finance* is concerned with "the generation, allocation, and management of monetary resources for any purpose."[10] The field of finance includes personal finance (how individuals invest and spend); corporate finance (raising and spending capital); public finance (government taxation, borrowing, and spending); financial markets where stocks, bonds, and other financial instruments are traded; and financial intermediaries, such as banks and other lenders that make financial transactions. Ethical issues in finance generally coalesce around these themes[11]:

1. *Financial services/retail sales*. The financial services industry includes banks, insurers, credit card companies, financial planners, and mutual fund and pension firms, all of which rely heavily on personal selling. Unethical sales tactics include deceiving or concealing the truth, such as when brokers pitch risky stocks to retirees, or calling an investment "tax free" when it is really "tax deferred." Sellers may also engage in (a) *churning* (excessive trading in a brokerage account to generate commissions); (b) *twisting* (convincing insurance customers to replace older policies with newer ones that generate commissions for the agent); and (c) *flipping* (helping borrowers replace current home loans to free up cash, which results in the lender pocketing fees). Credit cards present their own set of ethical issues. Their terms are often hard to understand, and credit card companies often charge high fees and interest rates. Cards are marketed to students who have little experience with credit and may not have enough income to pay for purchases.

2. *Investments.* Investment professionals manage large amounts of capital for institutions and individuals. Mutual funds hold $18.75 trillion in assets for nearly half of the households in the United States, for example. Ethical issues arise when managers allow a few clients to engage in market timing and late trading. In market timing, favored investors evade mutual fund rules by rapidly moving large amounts of money in and out of their accounts. In late trading, selected clients buy and sell fund shares after the trading day is over, which allows them to benefit from that day's developments. Conflicts of interest can arise when fund managers engage in personal trading. They may use their knowledge to buy shares before their funds do, thus profiting from the uptick in the stock price, or they sell before the fund does to avoid a loss. Fund managers may also have the opportunity to purchase limited shares of an initial stock offering for their own portfolios rather than for the fund.
3. *Financial markets*. Fairness is the key to ethical behavior in financial markets. Securities must be priced fairly, and buyers must be able to determine the true value of a stock or bond. Unfair trading practices include making false statements about the true value of the company, omitting important information from financial reports (e.g., the company is facing a major lawsuit, the CEO is retiring), or bidding up a stock price in hopes of selling at a peak price to other, unwary investors. Unfair trading conditions exist when some people have access to more information. Insider trading—investing in stocks based on information not available to the general public—is illegal. In one major case of insider trading, New York congressman Chris Collins, who sat on the board of an Australian biotech firm and was a major stakeholder, allegedly passed along news about a failed multiple sclerosis drug test to his son. His son then shared the information with his fiancée's father. Both men avoided over three-quarters of a million dollars in losses when the news became public and the company's stock prices plunged 92%.
4. *Financial management*. Financial managers make decisions about how to allocate organizational resources. In addition to

maximizing the wealth of shareholders, they must consider the likely social cost—the impact on outside stakeholders and society. Closing a plant may reduce costs, producing higher returns for company investors. However, this determination should not be made without considering the impact on laid-off employees, suppliers, and the local community. Risk management is in important responsibility of financial managers. For example, they must carefully evaluate the likelihood that borrowers will default on loans or if demand for the company's products will decline. Deciding when to declare bankruptcy is a particularly critical ethical decision facing financial officers. While bankruptcy can allow a firm time to reorganize and repay creditors, this tactic can also be used to avoid obligations. The Marsh supermarket chain and United Airlines both used bankruptcy proceedings to default on their employee pension plans.

Accounting, as the name suggests, tracks or accounts for the operations of the organization. Accountants provide a picture or report of the organization's health or status. Ethical issues arise in each of the four major functions of accounting[12]:

1. *Auditing*. Maintaining independence is a constant challenge for those who audit organizations. Outside (external) auditors worry that they will lose valuable clients if they point out financial irregularities. Before the Sarbanes-Oxley Act of 2002, many major accounting firms earned much more from consulting than from auditing. Auditors and their supervisors signed off on many questionable accounting practices for fear of losing lucrative consulting contracts with the same firms they were monitoring. Internal auditors often find their independence compromised by their bosses who want them to certify misleading income statements, questionable expenditures, and other forms of financial fraud. (Turn to Ethical Checkpoint 10.1 for a closer a look at why and how organizational members commit fraud.)

2. *Management accounting*. Managerial accountants prepare financial statements for managers and, in some cases, for those outside the organization. Their obligation is to create a truthful picture of the firm's financial situation, even if it hurts the company or organization. There are plenty of pressures to be less than candid. Executive bonuses may depend on painting a rosy picture of fourth-quarter earnings; banks are more willing to lend funds if they believe that the organization is in good financial condition. Then, too, accountants have a good deal of discretion in interpreting rules. They may decide to use "aggressive" accounting procedures that, while legal, may disguise the true state of the company. Common fraud techniques involve (1) manipulating revenues (e.g., creating fake customers, selling more merchandise than customers need, buying back assets, making side deals to undermine sales agreements); (2) manipulating expenses (e.g., underestimating costs, overestimating expenses to reduce earnings, treating expenses as revenue); and (3) hiding debt (e.g., selling and rebuying poor performing assets, using off-the-books balance sheets).
3. *Tax accounting*. Tax accountants determine what their clients owe the government. They have a responsibility both to the client and to the public through the government. After all, without revenue the government cannot operate, and society suffers. Tax returns should be truthful, and by signing a tax form the preparer is attesting to its accuracy. Common unethical practices include promoting dubious tax shelters, taking advantage of unintended tax loopholes, and signing off on fraudulent returns.
4. *Consulting*. Those who work in accounting firms offer their accounting and consulting (training, financial) services to organizations. As noted earlier, this has made it difficult for accountants to maintain their objectivity, leading to a number of audit failures. Focusing strictly on profit tempts accountants to ignore the needs of society and to engage in dishonest, deceptive practices.

Ethical Checkpoint 10.1

The Geometry of Financial Fraud

Auditors often employ a tool called the fraud triangle to estimate the likelihood of financial fraud. Motivation or need is the first side of the triangle. Financial troubles, gambling debts, drug addiction, fear of failure, pressure from employers, and other forces can make employees vulnerable to committing fraud. They then begin to look for ways to meet their needs. Opportunity is the second side of the triangle. Motivated employees cannot commit fraud unless they have the opportunity to do so. Lax financial controls, access to assets, remote locations, high management turnover, and other factors make it easier to engage in illegal activity. Justification (rationalization) is the third side of the triangle. Fraudsters excuse their actions by, for example, promising themselves that they will return the money later. They may claim that the fraud is justified because the company has cut their salaries or benefits.

Fraud experts David Wolfe and Dana Hermanson argue that the fraud triangle should be converted into the fraud diamond by adding a fourth element—capability. They note that major frauds take "the right person with the right capabilities." Wolfe and Hermanson identify six capacities that contribute to the success of fraudsters.

1. *Position or function*. Wrongdoers must have the position, power, or role to carry out the fraud. This helps to explain why corporate CEOs are involved in 70% of illegal public company accounting schemes. Those who

oversee functions like setting up vendor accounts or reconciling bank balances are also in a good position to commit fraud.

2. *High intelligence*. It takes knowledgeable, experienced, creative, smart individuals to understand organizational weaknesses and then determine how to exploit those vulnerabilities.
3. *Strong ego and high self-confidence*. Fraudsters often believe they won't get caught or can talk themselves out of trouble if they do. They are often driven to succeed, whatever the cost. Often narcissistic, wrongdoers may take pleasure both in the crime and in demonstrating their superiority by fooling others.
4. *Coercion/persuasion skills*. Successful frauds often take the cooperation of colleagues and followers. Effective fraudsters can convince others to participate in their crimes or to ignore them. They are often bullies who demand that coworkers and subordinates help them carry out their illegal activities.
5. *Skilled liars*. Successful fraudsters are excellent liars, which enables them to escape detection. They can look others in the eye and convince them that they are innocent. Further, fraudsters can remember and manage their lies in order to keep their stories straight.
6. *Immunity from stress*. Perpetuating a fraud over a long period of time is highly stressful. Those who succeed are able to deal with the risk of being detected, the continual need to conceal the fraud, the need to maintain appearances, and so on.

Wolfe and Hermanson go on to suggest that organizations can prevent fraud by paying close attention to capability. Be alert to job candidates who may be tempted to cut corners or who demonstrate authoritarian or bullying tendencies. Impose additional controls on individuals who present a significant risk, such as the aggressive sales vice president

focused solely on meeting monthly sales quotas. Rotate functions among staff members to keep any one person from gaining too much knowledge or control. Identify those situations that might pose a risk to the employee with the right capabilities. Continually reassess capabilities and situations to determine if individuals have gained the necessary skills and opportunities to commit fraud.

Sources: Cressy (1950); Lister (2007); Murdock (2008); Wolfe & Hermanson (2004).

Ethical Principles and Strategies

The past few decades have not been kind to the accounting and finance professions. Between 1997 and 2000, 700 firms were forced by the Securities and Exchange Commission to restate their earnings.[13] Then came massive accounting scandals at WorldCom, Enron, Freddie Mac, Global Crossing, Kmart, and Parmalat. Fraud and mismanagement in the financial services industry led to the near collapse of the U.S. and world economies near the end of the first decade of the millennium. Tesco, Britain's largest retailer, overstated revenue by 263 million pounds, and Wells Fargo employees created millions of fake customer accounts between 2005 and 2016. All too often, financial experts violated ethical standards and lost the trust of their fellow citizens, prompting some to describe accounting as "a profession in crisis."[14]

All this bad news has sparked a good deal of soul searching among financial educators and practitioners. What is it, they wonder, about accounting and finance that makes students and professionals susceptible to moral failure? What can be done to encourage the ethical practice of finance and accounting? I will highlight four responses to these questions: (1) recognize the ethical foundations of these fields, (2) make a commitment to the accounting profession, (3) follow widely held professional principles, and (4) adopt the right guiding values.

Recognize the Ethical Foundations of Accounting and Finance

Many financial experts consider their work to be value neutral. They view people as rational decision makers driven solely by economic values.[15] These professionals have lost sight of the fact that

economic values are not always most important. Financial considerations need to be balanced against concern for others, care for the environment, and other priorities. Focusing only on the bottom line has also made financial experts susceptible to the pressure to "make the numbers" by any means possible. Trained to believe that they serve only their immediate client or organization, they deny their responsibility to other groups, the environment, and their professions. They are reluctant to blow the whistle when they see financial wrongdoing. On the other hand, accountants and other financial workers find it all too easy to view people as numbers or assets, which makes it easier to treat them cruelly.[16] Moving production to another state may save labor and shipping costs, for example, but it uproots families.

Any attempt to improve the ethical performance of financial professionals, then, needs to address the mind-set of practitioners. Recognizing the ethical implications of accounting and finance is a good place to start. These are not ethically neutral activities. In reality, "Virtually all aspects of their [accountants'] work have an ethical dimension."[17] The origins of financial reporting demonstrate that fact. In Jewish tradition, the earliest financial records were kept to ensure that precious metals donated to the tabernacle weren't stolen or misused.[18] In the Middle Ages, double-entry bookkeeping was created to keep track of what was owed to individuals and organizations.[19] In modern times, the work of accountants has a significant impact both inside and outside the organization. As we've seen, corporate leaders use financial reports to make budgets and allocate resources. Investors also depend on the financial description of firms.

Boston University professor Sandra Waddock summarizes the ethical core of accounting this way:

> The accounting profession seems to have failed to acknowledge that accounting is fundamentally an ethical, rather than a technical, discourse. Accountability inescapably assumes the fulfilling of some dutiful requirements. … Accountants have positions that are inherently value-laden and imbued with ethical responsibilities. Their decisions affect other people, organizations, communities and the natural environment.[20]

Waddock goes on to suggest that as an accountant you are more likely to take your ethical duties seriously and to better serve society if you take a more holistic approach to your preparation. First, develop a sense of balance. The marketplace is *not* all important. Acknowledge the significance of other values, like love, community, spirituality, the desire for meaning, and nature. The needs of business have to be balanced against these other priorities. Second, strive for the integration of body, mind, and heart. Study a variety of disciplines to develop a unified perspective on the organization and its role in society. Look beyond corporate stakeholders to consider how auditing and accounting practices influence the community and the environment.

Third, seek holistic understanding. Recognize the fact that we live in a world of limited resources and that technology has made the world more interdependent. Economic choices have a significant impact on the environment, on societies, and on individuals. Fourth, respect diversity. Honor other cultures, and recognize that accounting is done differently in other countries. Develop the ability to synthesize these differences when making decisions. Fifth, develop a grasp of complex change. Technology, renewed nationalism, immigration, the rise of Islam, and other forces are reshaping the world. Financial professionals will need to develop conflict resolution and collaboration skills at the same time they are transparent and accountable.

Adopt a Different Set of Guiding Values

Accounting professors Michael Shaub and Dann Fisher believe that the ethical performance of the accounting profession will improve if graduates take a different set of values with them into the workforce. They urge accounting students to adopt the following three guiding values[21]:

1. *Don't be stupid*. This principle takes aim at the self-interest or egocentrism that lies at the heart of many accounting scandals. Those who fall victim to moral failure are generally interested only in serving themselves. Shaub and Fisher identify leadership fallacies that warp the reasoning of financial professionals.[22]

   Enron's CFO Andy Fastow fell victim to the *fallacy of omnipotence*, convinced that he was all powerful and could pretty much do whatever he wanted. He believed that he was so skilled at creating ways to hide company debt that he could divert profits to himself and a few others without being discovered. Fastow and CEO Jeffrey Skilling thought they were smarter than anyone else and could keep the special accounting schemes from failing while, at the same time, propping up Enron's stock price (the *fallacy of omniscience*). Former AIG CEO Hank Greenberg, at one time one of the most important leaders in the insurance industry, fell victim to the *fallacy of invulnerability*, believing that he could survive as CEO despite a series of accounting misstatements. (He was wrong.) Ordinary auditors can become convinced of their invulnerability as well, tending to be overconfident about their knowledge and that of their subordinates. As a result, they may rely on outdated procedures and assign tasks to employees that the followers cannot handle. Executives at the KPMG Personal Financial Planning division fell victim to the *fallacy of unrealistic optimism* when they advised clients that the aggressive tax strategies they recommended would survive any challenge from the

Internal Revenue Service. Instead, the company had to pay a $456 million fine to avoid prosecution for advocating these tactics.

2. *Tell the truth.* There are three duties to truth telling: integrity, objectivity, and transparency. *Integrity* refers to being honest and candid with other financial experts as well as with the public. Client confidentiality should not keep you, as an auditor, from revealing that a firm has violated widely held accounting or auditing standards. *Objectivity* refers to being impartial and avoiding conflicts of interest. *Transparency* is the duty to make sure that generally accepted accounting principles are carefully applied and that information is openly shared with the public.
3. *Find fraud and expose liars.* Auditors need to be sensitive to the possibility of fraud and to develop creative new ways of uncovering wrongdoing. For example, some colleges and universities are introducing forensic accounting and fraud examination coursework into their curricula. Unfortunately, many accounting programs promote conformity instead of creativity, turning out graduates who are good fits for existing accounting firms. They are ill prepared to dissent when the situation calls for it. These newly minted accountants lack professional skepticism. Professional skepticism refers to being alert to the possibility that financial statements may be inaccurate and to deferring judgment until there is sufficient evidence to draw a conclusion.[23] Characteristics of professional skepticism include a questioning mind-set, the tendency to withhold judgment, curiosity, understanding the motivation and integrity of others, deciding for oneself (autonomy), and self-esteem—belief in one's abilities and the confidence to challenge others.

Follow Professional Principles

Codes of ethics have long played an important role in regulating ethics in the financial field. Of course, as all the accounting and financial scandals demonstrate, these codes have not always been effective. Professional codes of ethics suffer from all the shortcomings of organizational codes described in Chapter 9, including a lack of specifics and enforcement.[24] They do not solve all the ethical dilemmas that arise in accounting and finance. Nevertheless, the principles outlined in these codes are useful. If you are a financial professional, they identify your ethical duties and set a high standard for your behavior. Those of us who are not involved in financial operations can use these guidelines to evaluate the behavior of those who are. (Test the usefulness of these standards by applying them to the scenarios in Case Study 10.2.)

The Chartered Financial Analyst (CFA) Institute Code of Ethics and Standards of Professional Conduct is an important ethical statement for the finance profession. The CFA code was drafted by the CFA Institute, which is made up of over 150,000 licensed financial analysts and professionals. The CFA code begins by identifying a set of important ethical standards, which are described as follows[25]:

- Act with integrity, competence, diligence, and respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above [one's] own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.

- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.

- Promote the integrity of and uphold the rules governing capital markets.

- Maintain and improve [one's] professional competence and strive to maintain and improve the competence of other investment professionals.

The American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct is based on the premise that accounting professionals share a set of moral standards. Here are the six principles or professional standards[26]:

1. *Responsibilities Principle:* In carrying out their responsibilities as professionals, members should exercise sensitive professional and moral judgments in all their activities. This principle highlights the moral dimension of accounting. Professional behavior is ethical behavior.[27] Sensitive moral judgment involves consideration of possible harm and benefit, fairness, respect for persons, and concern for others.
2. *The Public Interest Principle:* Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism. Accounting serves a social purpose, which is to facilitate commerce. Public interest is defined as the "collective well-being of the community of people and institutions the profession serves." Serving the public also best serves the interests of clients and employers.
3. *Integrity Principle:* To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity. Integrity means being honest and candid and putting service above personal interests. When

specific rules and standards are not available, the financial professional should ask, "Am I doing what a person of integrity would do?" This principle also requires practitioners to follow "the spirit of technical and ethical standards." Hiding liabilities in off-the-books accounts violates this principle, as does trying to circumvent the intent of tax legislation.

4. *Objectivity and Independence Principle:* A member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities. A member in public practice should be independent in fact and appearance when providing auditing and other attestation services. Accountants are to be impartial (removing personal feelings and interests from judgments or recommendations), intellectually honest, and free of conflicts of interest. Members of the profession should avoid even the appearance of a conflict of interest.
5. *Due Care Principle:* A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability. Due care means accountants should strive for excellence, and continually improve their knowledge and skills. Accountants should never accept duties that they are not competent to fulfill. Due care also means doing prompt, careful work.
6. *Scope and Nature of Services Principles:* A member in public practice should observe the principles of the Code of Professional Conduct in determining the scope and nature of services to be provided. Professional accountants are obligated to follow the AICPA principles in all activities. This means practicing in firms with good quality-control systems, avoiding situations where providing consulting services would conflict with auditing functions, and determining whether an activity would be inconsistent with what a true professional would do.

Make a Commitment to the Accounting Profession

Accounting students and practitioners are more likely to follow codes of conduct if they identify with their profession.[28] *Professional commitment* describes the degree of (1) acceptance of the beliefs and values of a profession, (2) willingness to work on behalf of the profession, and (3) desire to remain in the profession. While professional commitment has been studied in a variety of fields, it is particularly important to accountants. (Complete Self-Assessment 10.1 to determine the your level of commitment to your chosen field of study.) Accounting students and practitioners with higher professional commitment typically observe accounting rules. They are more likely to see questionable actions as unethical and less likely to participate in such activities. They are more willing to blow the whistle on management fraud and other misbehavior.

Developing professional commitment begins during the anticipatory socialization stage before entering the field. (See the discussion of socialization in Chapter 9.) As a student planning a career in accounting, you can increase your level of professional commitment by

- hearing firsthand from accounting professionals;
- reading professional codes of conduct;
- discussing current issues in accounting;
- completing accounting case studies and simulations;
- participating in accounting internships and field trips;
- recognizing the importance of financial reporting; and

- accepting the duty to report financial fraud.

Self-Assessment 10.1: Professional Commitment Scale

Instructions

Respond to each of the following items on a scale of 1 (*strongly disagree*) to 5 (*strongly agree*).

1. I am willing to put in a great deal of effort beyond that normally expected in order to help make my profession successful.	1	2	3	4	5
2. I am proud to tell others that I am part of this profession.	1	2	3	4	5
3. Being a member of this profession really inspires the very best in me in the way of job performance.	1	2	3	4	5
4. I really care about the fate of this profession.	1	2	3	4	5
5. For me, this is the best of all professions to be a member of.	1	2	3	4	5

Scoring

Add up your responses to each item. Possible scores range from 5 to 25. The higher your score, the greater your commitment to your chosen profession.

Source: Dwyer, P. D., Welker, R. B., & Friedberg, A. H. (2000). A research note concerning the dimensionality of the professional commitment scale. *Behavioral Research in Accounting,* 12, pp. 293–294. Used by permission.

ETHICAL HUMAN RESOURCE MANAGEMENT

Ethical Issues in Human Resource Management

Human resource management (HRM) addresses the human, or "people," side of the organization. It has been defined as "the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns."[29] All managers carry out some human relations functions, like determining personnel needs and conducting performance reviews, but HR managers focus exclusively on these duties.[30] Important HRM activities include the following:

Determining staffing needs

Recruitment and selection

Health and safety

Designing compensation systems

Providing benefits

Holding performance reviews

Enforcing disciplinary procedures

Training and development

Change management

Implementing workforce reductions

Each of these activities, in turn, is an ethical hot spot that can flare up, generating lawsuits and unfavorable publicity while undermining morale and productivity. Ethical issues in HRM include the following[31]:

Bogus job requirements

Employment discrimination

Lack of workforce diversity

Favoritism in hiring and promotion

Invalid job placement tests

Inconsistent interviewing procedures

Overselling the benefits of working for an organization

Invasion of applicant and employee privacy

Intrusive monitoring of employee activities

Unfair compensation systems

Excessive executive compensation

Biased performance appraisal systems

Conflicts of interest in selecting HR consultants

Indoctrinating employees in a particular religion

Morally objectionable training

Inadequate safety training

Unsafe working conditions

Pressuring employees for charitable contributions or forcing them to engage in volunteer activities

Requiring employees to work long hours

Failure to discipline unethical or illegal behavior

Treating dismissed employees disrespectfully

Contract negotiation disputes

Violations of employee rights

Providing inadequate notification of layoffs

In a market economy, there are three moral hazards or dangers that frequently lead to unethical HRM behaviors. The first is "regarding employees as mere commodities."[32] Commodifying people means treating them like inanimate objects or impersonal goods. Even the term *human resources* is problematic because it suggests that people are just another resource or commodity like raw materials, money, or land. When people are seen as commodities, it is easy to lose sight of their humanness and to use them to get what we want. Corporations then see their workforces as tools to generate profits, tools that can be downsized or jettisoned altogether if the economy sours. Any notion that people are intrinsically valuable is lost. Former Carl's Jr. fast-food CEO Andy Puzder, who was nominated but failed to become U.S. labor secretary, seemed to view his employees as commodities. He told an interviewer that restaurant automation had advantages over people because machines are "always polite, they always upsell, they never take a vacation, they never show up late,

there's never a slip-and-fall, or an age, sex, or race discrimination case."[33]

The doctrine of *employment at will* (EAW) encourages managers to treat people as tools.[34] In the United States, employers are generally allowed to fire individuals without providing specific reasons, unless there are employment contracts spelling out grounds for dismissal. This stands in contrast to Europe, where employees can be let go only with justification—the *just cause doctrine*. While EAW provides a lot of freedom to employees, who can also leave for any reason, this approach clearly favors employers. As long as they don't violate laws against discrimination or certain state statutes, organizations can fire workers as they see fit. Online activities like posting unfavorable comments about the boss on Facebook or a blog are now serving as grounds for dismissal.

Exploitation is the second moral hazard of human resources. Organizations focused solely on profits or reducing expenses are tempted to exploit their members by cutting their wages, forcing them to work more hours, reducing their benefits, and so on. Layoffs become an exercise in cost cutting; human costs are overlooked. Profit is a legitimate goal, but other objectives are also important, like meeting the needs of employees and serving stakeholders. The growth of the contingent workforce has resulted in greater exploitation of workers. Uber, Lyft, TaskRabbit, and other companies in the "gig economy," for instance, don't hire employees but treat service providers as independent contractors. As a result, they don't have to pay minimum wage or overtime or provide health insurance or retirement benefits. Even in traditional organizations, more workers are finding themselves on the periphery.[35] A small, skilled core of workers hold permanent jobs and receive traditional human resource benefits. The rest of the workforce is made up of temporary contract workers hired at lower rates. These peripheral workers receive little opportunity for training or for promotion and can be let go at any time. A great many universities operate under

this model, hiring large numbers of adjuncts to supplement a small core of tenured faculty. As a result, nearly three quarters of college faculty are part-time adjuncts or work full-time on a temporary contract.[36] (See Case Study 10.3 to see how another industry makes extensive use of temporary and contract workers.)

Defining people in economic terms is the third moral hazard. Like their colleagues in finance, HR managers are tempted to view people only in economic terms. Taking a utilitarian approach, one that bases personnel decisions solely on financial grounds, ignores the human component of human resources. People have intrinsic value and should be able to develop their competencies at work. In addition, they have the right to engage in significant labor.[37]

Ethical Principles and Strategies

All four of the ethical approaches in this final portion of the chapter address the moral hazards described in the previous section. Taking a Kantian approach, acting justly, following professional guidelines, and recognizing the potential harm caused by human resource decisions will help us to recognize the dignity of employees, keep us from exploiting them, and encourage us to treat others as people, not as economic resources.

A Kantian Approach to Human Resource Management

Kant, as noted in Chapter 1, urges us to treat humanity as an end. In other words, we need to recognize that persons have inherent dignity. University of Minnesota emeritus professor Norman Bowie argues that applying Kantian principles would encourage managers to look beyond shareholders and profit when making human resource decisions.[38] For example, downsizing might reduce costs, but that doesn't mean it should be put into effect. Work hours for all employees could be reduced instead. Retirees and pension holders would also continue to receive their promised benefits despite economic downturns. In addition, companies would no longer coerce or deceive their employees but would be transparent by opening their financial books to workers. Further, everyone coming into contact with the organization—customers, vendors, neighbors—would be treated with respect.

A Kantian perspective on human resources treats businesses and other organizations as moral communities in which members have a significant (meaningful) voice in the rules and policies that govern them. Kantian organizations operate more like democracies, and

members are organizational citizens with both rights and duties.[39] These organizational citizens enjoy free speech and privacy rights and receive information on the future of the group. Leaders persuade rather than impose, helping groups make well-reasoned choices.

Providing meaningful work is another way to treat people as ends and to promote their autonomy. From a Kantian perspective, meaningful work supports the right of workers to make decisions, provides a living wage, enables employees to develop their reasoning abilities, does not interfere with moral decision making and reasoning, and lets workers decide what makes them happy. This approach differs sharply from the scientific management tradition that emphasizes division of labor and requires workers to carry out specialized—and often repetitive and boring—tasks in the name of efficiency.

Current human resource practices at a number of corporations clearly violate Kantian principles. Some companies, including clothing retailers and food producers, do not appear to be paying a living wage, leading to a growing number of "working poor" who are forced to rely on various government subsidies. At the same time that many of these corporations claim they can't pay workers better, they reward top executives with lucrative pay packages. Other organizations deny the autonomy of employees by trying to regulate what employees do on their own time. (Contemporary Issues in Organizational Ethics 10.1 describes a recent HR trend that limits the autonomy of workers on the job.)

Contemporary Issues in Organizational Ethics 10.1: Gamification: Making Fun Mandatory

Gamification is the use of gaming principles, particularly from video games, to create a more positive work experience for employees while boosting their level of engagement and productivity. For example, Target created a checkout game to reduce checkout lines. The letter *G* or *R* would appear on the screen as the checker scanned items. *G(reen)* indicated the right speed; *R(ed)* signaled too slow. Time in checkout lines dropped, and at the same time, cashiers were more satisfied with their jobs. Microsoft used points and badges to reward employees who, in their free time, identified errors in the Windows and Office programs. L'Oréal used its Reveal game to introduce potential recruits to working in the cosmetics industry. Hospitals, the U.S. Army, and other organizations incorporate game elements into their training programs.

Both employees and management can benefit from gamification. Workers, often those engaged in boring, repetitious tasks, have more fun at work, and managers get more committed, productive workers. However, critics worry about the ethical implications of this trend. To begin, games are a form of mandatory fun that threaten the autonomy of workers. In the past, employees invented their own games to make work more enjoyable. Now managers impose games on their workers who may not want to participate.

Games can also exploit players. Players often don't earn more money for their greater productivity but instead are rewarded with badges or public acknowledgement. In some cases, game elements are designed to cut costs. For instance,

United Airlines introduced a sweepstakes to replace its bonus system. Most of its 90,000 employees would have received nothing while a few lucky winners would have won $100,000 in cash or a Mercedes-Benz automobile. United's leaders quickly dropped the plan after employees figured out that the airline would be saving $40 million under the new system and that most of them wouldn't be getting any additional money. A *New York Times* headline summarized the scheme this way: "Workers get 'excitement,' shareholders get the cash."[1]

Participating in games both on and off the job can cause harm. Physical harms come when gamers are recruited to terrorist groups or are encouraged to damage property. Participants can become so focused on playing that they ignore their safety. This happened to cyclists playing Strava. Some suffered fatal crashes when they concentrated on the game rather than on staying safe. Psychological harms come from the humiliation players feel when they see their poor performance displayed on leader boards. Character suffers if games, like those involving violence and war, encourage indifference to human life and other important values.

Strategies for reducing the ethical downside of gamification range from involving employees in game design, allowing workers to opt out of participation, paying employees for higher productivity, protecting the physical and psychological safety of participants, and ensuring that games serve worthy causes and reinforce human values.

Sources: Matysczczyk, C. (n.d.). United Airlines' CEO just gave an eye-opening explanation for its lottery bonus debacle. *Inc*.

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Zicherman, G., & Linder, J. (2013). *The gamification revolution: How leaders leverage game mechanics to crush the competition*. McGraw Hill Education.

Note

1. Scheiber, N. (2018, March 12). Workers get "excitement," shareholders get the cash. *The New York Times*.

Acting Justly

Many of the ethical issues in HRM described earlier—employment discrimination, favoritism in hiring and promotion, biased performance and appraisal systems—involve violations of fairness or justice. Researchers report that there are three types of organizational justice.[40] *Distributive justice* refers to how resources and benefits are allocated. Perceptions of injustice arise, for example, when applicants and employees perceive that jobs and promotions go to less-qualified candidates. As we saw in Chapter 1, John Rawls specifically addresses this type of justice, advocating that we protect the rights of individuals but also encourage the more equal distribution of benefits. That means providing a minimum level of benefits, such as health insurance and a living wage, while lowering the difference in compensation between the bottom and top layers of an organization. At the same time, employees are rewarded based on their contributions.

Procedural justice describes how allocation decisions are made. We may not like the outcome of a decision, but we are generally more willing to accept the determination if it was made using fair procedures. Judgments of procedural justice are based on (1) consistency—everyone is treated the same; (2) lack of bias—no person or group receives unfair treatment; (3) accuracy—determinations are based on accurate information; (4) representation—all relevant stakeholders have input into the

decision; (5) correction—there is a process for fixing mistakes; and (6) ethics—professional standards of conduct are not violated.[41]

Interactional justice describes how individuals perceive their treatment by authority figures. Managers are seen as more just if they treat members with dignity and share relevant information with them. (Complete the Organizational Justice Scale in Self-Assessment 10.2 to determine the level of justice in your organization.)

Employees care a great deal about organizational justice. They want to be assured that they will be treated well over the long term; fair treatment signals that they have status and worth in the group. Further, people see fairness as a virtue in and of itself. Treating others fairly is the right thing to do because it protects their value as humans.[42] It's not surprising, then, that investigators have found a strong link between justice perceptions and organizational behavior. If employees believe their organizations are fair, they perform better, are more likely to help one another out, are more satisfied with their jobs, and are more committed to their organizations. This, in turn, boosts the performance of entire organizational units. At the same time, those treated justly are less likely to engage in unethical behavior. Conversely, when organizational members feel unjustly treated, they are more apt to be absent, withdraw, quit, and engage in destructive behavior.[43]

There are a number of ways to foster perceptions of justice when carrying out human resource functions.[44] When it comes to selecting candidates, procedural justice is key. Make sure that questions and criteria are related to the job, and give candidates enough opportunity to make a case for themselves. For instance, set aside adequate interview time, and allow for retaking standardized tests. Interactional justice also plays a role in the selection process. Be considerate of applicants, and provide timely feedback. When it comes to rewards, distributive justice is important, but procedural justice is also a consideration. Being denied a raise is less damaging

if the system for making salary determinations is perceived as fair. When it comes to performance appraisal, due process is important. Provide adequate notice of the review—when it will occur and the criteria to be used. Also, involve workers in setting performance standards. Provide a just hearing setting that focuses on the "evidence" of worker performance (not on personal attack); allow employees to provide their own interpretations and to disagree.

Self-Assessment 10.2: Organizational Justice Scale

Evaluate your employer or another organization of your choice on the following items. Respond to each of the statements on a scale of 1 (*strongly disagree*) to 5 (*strongly agree*).

1. In general, this company (organization) treats its employees (members) fairly.	1	2	3	4	5
2. Generally, employees (members) think of this company (organization) as fair.	1	2	3	4	5
3. Rewards are allocated fairly in this firm (organization).	1	2	3	4	5
4. Employees (members) in this firm (organization) are rewarded fairly.	1	2	3	4	5
5. In this firm (organization), people get the reward or punishment they deserve.	1	2	3	4	5
6. Supervisors (leaders) in this company (organization) treat employees (members) with dignity and respect.	1	2	3	4	5

7. Employees (members) can count on being treated with courtesy and respect in this firm (organization).	1	2	3	4	5

Scores can range from 7 to 35. The higher the score, the more just you believe your organization to be. You may want to give this instrument to other organizational members to determine if their perceptions are similar to your own.

Source: L. K. Trevino and G. R. Weaver, "Organizational justice and ethics program 'follow through': Influences on employees' harmful and helpful behavior," *Business Ethics Quarterly,* 11(4), 661, reproduced with permission.

SHRM Code of Ethics

The Society for Human Resource Management (SHRM), the largest association of HR practitioners, offers a set of core principles that address the ethical responsibilities members have to their organizations, to themselves, and to employees and stakeholders. These core principles incorporate elements of the Kantian and justice approaches described earlier. A summary of the SHRM Code of Ethics, including some sample guidelines for implementing each provision, is provided here.[45]

Professional responsibility. Add value to the organization and contribute to its ethical success; accept responsibility for individual decisions; engage in activities that enhance the credibility of the HR profession. Guidelines: Comply with

the law, advocate for the "appropriate use and appreciation of human beings as employees."

Professional development. Strive to meet high competence standards; continually strengthen personal competencies. Guidelines: Pursue education, commit to continuous learning, share knowledge to help the profession and other individuals.

Ethical leadership. Act as a role model of the highest ethical standards. Guidelines: Behave ethically in every professional encounter, question the ethics of proposed actions, promote the development of other ethical leaders.

Fairness and justice. Promote fairness and justice for all employees. Guidelines: Respect the intrinsic worth of every employee, treat people with dignity and respect, ensure that everyone has the opportunity to develop their skills, develop and administer just policies.

Conflicts of interest. Protect the interests of stakeholders and personal integrity. Guidelines: Adhere to organizational conflict of interest policies, don't use HR positions for personal gain, don't seek advantage from HR polices and processes.

Use of information. Protect the rights of individuals when acquiring and disseminating information; ensure truthful communication; facilitate informed decision making. Guidelines: Ethically gather and use information; maintain current, accurate HR data; safeguard confidential information.

Three Ethical Standards for Dealing With Harm

Many HR management decisions cause harm to at least some organizational members. Some applicants are hired, but the vast majority of job seekers are turned away. When one employee receives a salary increase, others may not. Achieving organizational objectives also comes at a cost to people working in the organization. Layoffs, for example, are often justified as serving the greater good (saving the organization, keeping the majority of members employed) but are extremely costly to those dismissed. This final set of ethical principles is specifically designed to address the reality that many HR decisions hurt human beings.[46]

Standard 1: Advance the organization's objective. All HR activities need to be aligned with particular goals they are supposed to advance. As a manager, you need to make sure that the practice really does serve the objective. For example, forced-ranking appraisals, which require that employees be rated from best to worst, inflict harm on those who rate lowest, even if their performance has been good. Perhaps there is another, less painful way to accomplish the same objective, which is to improve the performance of the work unit. Having a sense of direction makes it easier to carry through on difficult duties and to see that these activities serve a larger purpose. Remember that advancing the organization's objectives does serve employees, owners, suppliers, and clients despite any unpleasant outcomes.

Standard 2: Enhance the dignity of those harmed by the action. Fair procedures, as noted previously, must be followed when making harmful choices. In addition, you must help those who are hurt function effectively *after* the damage has been done. Significant numbers of people undergo suffering as profits and nonprofits alike participate in "cycles of destruction" involving restructuring and downsizing. Others are victimized when they lose out on

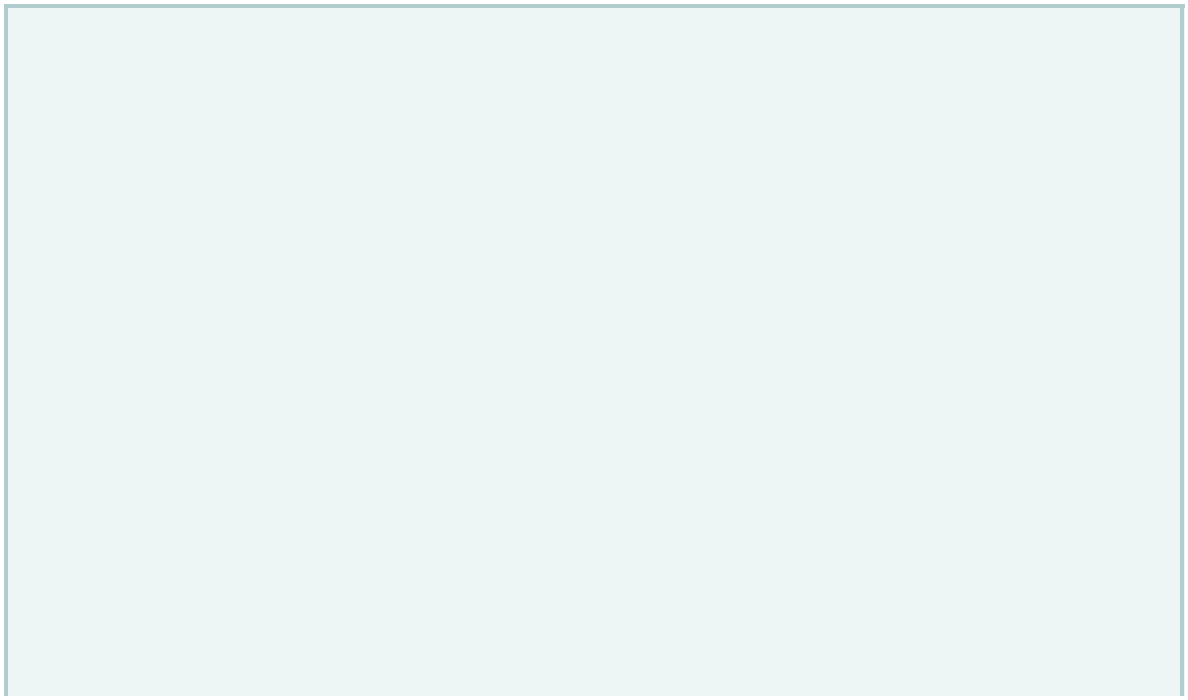
promotions and pay raises. In these cases, as an HR specialist, you need to see yourself as more than a messenger bringing bad news; you need to view yourself as a helper who can assist victims as they deal with the consequences of decisions. The goal is to help members recover from the blow and move forward.

Unfortunately, all too often when the news is bad, organizations, managers, and HR specialists further reduce the dignity of victims. Dell, for example, summoned employees to a hotel, where a "firing squad" following a script dismissed employees in eight minutes. Nike "fired by PowerPoint," posting the names of laid-off employees on a big screen. Unsuccessful job candidates often receive the same treatment, receiving form letters or brief calls with no justification for why they weren't selected.[47]

Managers use refusals and distancing in response to the social awkwardness caused when one person in the interaction has been harmed. *Refusal* describes spending less time explaining how and why the decision was made, which reduces managers' exposure to the threatening situation. The bearers of bad news may not know what to say or want to protect their reputations as ethical persons or fear making a bad situation worse. However, targets are upset by such behaviors. *Distancing* refers to reducing or avoiding contact with targets. While such tactics reduce the threat to superiors, they are seen as inconsiderate and insensitive by those harmed. Researchers report that refusal and distancing strategies backfire. Failing to provide explanations is seen as unfair. Recipients of the bad news are less willing to cooperate, and they withdraw or retaliate instead. Organizations are more likely to be sued if they fail to provide explanations for their actions. However, explanations need to be adequate—reasonable, clear, detailed—in order to be effective. Inadequate explanations

like those used by Dell ("The economy is bad"; "We can't afford to keep you") may be worse than not offering explanations at all.

Standard 3: Sustain the moral sensibility of those executing morally ambiguous tasks. This standard focuses on those doing the work of HRM. As a manager or HR professional, you must live with the reality that a bonus may go to the wrong person, outsourcing may not significantly reduce costs, or an individual may suffer greatly from an unfair performance review. This dissonance can tempt you to ignore unpleasant tasks or to rationalize your behaviors. If you can't deal with the negative emotions that come with making harmful decisions, then you will not consider the dignity of those negatively impacted by those choices. Instead of reducing your dissonance or being overcome with guilt, learn to live with these feelings. Doing so will make you more sensitive to the needs of others, encourage you to address inequities, and help you carry out your responsibilities.



Chapter Takeaways

- Marketing, finance/accounting, and human resources are three important organizational activities or functions that put organizations at risk. Manage these ethical hot spots in order to reduce the likelihood that they will damage your group.
- Marketing includes every aspect of generating a product or service and then bringing it to market for an exchange with buyers, including product, price, placement, and performance. Each of these elements, in turn, raises significant ethical issues.
- When engaging in marketing activities, make sure that consumers are capable, avoid deception and other inappropriate marketing strategies, act honorably, and embrace ethical values and virtues that foster positive relationships with consumers. Strive for mutual benefit when interacting with buyers.
- Finance is concerned with the generation and use of funds; accounting tracks the operations of an organization. Remember that both activities have an ethical dimension. Financial priorities need to be balanced with other significant values like the community and the environment. Be careful not to overestimate your abilities; tell the truth; be alert to fraud and deception in others.
- Accounting and finance codes of ethics outline the moral obligations of finance professionals. While not the final word on financial ethics, they can be a useful reminder of the importance of serving the public and maintaining

high moral standards. You are more likely to follow these guidelines if you are committed to the accounting profession.

- Accountants who adopt these values will boost the ethical performance of the profession: Seek to serve others, not the self; tell the truth through integrity, objectivity, and transparency; develop heightened sensitivity to the possibility of fraud.

- Human resource management is concerned with the "people," or human, side of the organization and involves such functions as hiring, training, compensation and benefits, performance appraisal, discipline, and downsizing. The moral hazards you will face as a manager or as an HRM specialist include treating members as commodities, exploitation, and viewing people in economic terms.

- One way to avoid the moral hazards of HRM is by adopting Kantian principles. This means treating people with dignity and respect while creating moral communities where members have a significant voice.

- Many ethical issues in human resources come from perceptions of unfairness and injustice. Organizational justice is distributive, procedural, and interactional. Distribute benefits as equitably as possible. At the same time, make sure that the procedures for allocating goods are fair, and treat members with courtesy and respect. Follow professional guidelines that recognize the value of individuals and promote justice.

- HRM decisions often cause harm to some organizational members. Mitigate such harm by making sure that (1) your actions advance organizational objectives, (2) you

enhance the dignity of those harmed by an action, and (3) you grapple with the moral tensions that come from making decisions that have negative impacts.

Application Projects

1. Analyze a contemporary marketing campaign using the ethical marketing guidelines presented in the chapter. How ethical is the campaign based on your analysis?
2. Create your own set of ethical guidelines for marketers. Provide examples for each provision.
3. Debate the following:

   Certain products should never be marketed.

   Advertising should never target young children.

   Credit card companies should not be allowed to advertise on college campuses.

   Sellers are justified in limiting the amount of information they provide buyers.

   Marketers are under no obligation to always provide the lowest price and best service.

   Finance and accounting are fundamentally ethical activities.

   Professional commitment is more important to accountants than to professionals in other fields.

   Employees should be terminated only for just cause.

   The term *human resources* is exploitative.

4. Do a research project on what it means to be a professional. What are the hallmarks of a profession? What is the relationship between professionalism and

ethics? Develop strategies for increasing your level of professional commitment based on your response to Self-Assessment 10.1. Write up your findings.

5. Identify other professional codes of ethics, and compare them to the codes described in the chapter. What similarities do you note? Differences? How useful are such codes in promoting ethical behavior?
6. Organizational justice analysis: Analyze your response to Self-Assessment 10.2. What factors contributed to your perceptions of justice or injustice? Based on material from the chapter, what can the organization do to be perceived as more just? Expand your analysis by having others in the organization take the instrument. Interview them to find out why they responded as they did and what they think needs to be done to make the organization more just. Write up your findings.
7. Reflect on a time when you were harmed by an organizational decision. How was this message delivered? Was an explanation provided, and was it adequate? Did the bearer of the message engage in refusal and distancing behaviors? Did you feel that you were treated with dignity? What is your perception of the justice climate of the organization?
8. Profession ethical analysis: Determine the ethical challenges you are likely to face if you enter the profession of your choice. Collect information online and through press reports and written materials. Interview a professional and a professor who teaches in that field. Identify potential ethical issues and what your interviews and research reveal about how to best prepare for these ethical challenges.

Case Study 10.1: Marketing the Opioid Epidemic

One hundred forty-five Americans die from opioid overdoses every day. In addition to causing deaths, opioid addiction damages local economies, raises health care costs, increases the demand for drug treatment, boosts the crime rate, and breaks up families. President Donald Trump declared the opioid epidemic a national emergency in 2017.

Most observers blame Purdue Pharma, owned by the Sackler family, for triggering the opioid epidemic. In 1995, the company launched an aggressive marketing campaign to promote OxyContin®. The oxycodone in OxyContin is closely related to heroin, which is twice as powerful as morphine. Up until that time, doctors were reluctant to prescribe strong opioids for fear of addicting patients. Their use was restricted to treating cancer pain and end-of-life palliative care.

Purdue changed prescribing habits by funding favorable research studies and by paying doctors to argue that fears of opioid addiction were overstated. They did so at a time when attitudes about pain care were changing. Prominent physicians believed that many patients were needlessly suffering because they couldn't get strong enough painkillers. The company convinced the Food and Drug Administration that the drug was safer than rival products because it had a delayed absorption formula that "is believed to reduce the abuse liability."[1]

Company executives set up a speakers' bureau, paying clinicians to attend medical gatherings to deliver presentations touting the medication. (Those attending these

seminars prescribed OxyContin more than twice as much as those who did not attend.) Purdue also sponsored research studies demonstrating the drug's effectiveness; advertised in medical journals; distributed luggage tags, plush toys, and other promotional items with the OxyContin label; and sent tens of thousands of videos to physicians containing testimonials from pain specialists and satisfied patients.

Purdue more than doubled its sales force in order to push the drug. They targeted general practitioners, who are not pain specialists, encouraging them to prescribe OxyContin for less severe forms of pain like arthritis, sports injuries, and back pain. Purdue told sales reps to assure doctors that the addiction rate for patients taking OxyContin was less than 1% when, in reality, it was much higher. Salespeople were handsomely rewarded for their efforts. In 2001, the company paid average bonuses of over $70,000. It encouraged physicians to offer coupons for a free initial prescription to patients and marketed heavily to doctors in poor communities. Within five years, OxyContin was generating $1 billion a year for Purdue Pharma, becoming the firm's top money maker. By 2004, OxyContin was the most abused prescription opioid in the United States.

Users quickly discovered that they could get a powerful, often toxic, high by crushing OxyContin pills and then snorting them, dissolving them in liquid, or injecting them. Patients began selling their pills, and some doctors set up "pill mills" to profit from issuing OxyContin prescriptions. In Los Angeles, the Crips street gang transported groups of homeless people to pill mills where they would be handed prescriptions for the drug and took the transients to nearby pharmacies to get the prescriptions filled. Gang members would then sell OxyContin on the street for as much as $100 a pill.

Despite evidence of abuse, Purdue didn't withdraw the drug but blamed recreational users for abusing it. "We have to hammer on abusers in every way possible," then Purdue president Richard Sackler said in 2001. "They are the culprits and the problem. They are reckless criminals."[2] The firm had data indicating which doctors and pharmacists were overprescribing but refused to act. Company executives claimed that because they shipped the medication to wholesale distributors, it was the responsibility of the wholesalers to cut off supplies to pharmacies and to notify the Drug Enforcement Administration of suspicious activity. They also ignored evidence that their claims of 12-hour relief were false. Patients had to dose every 8 hours. Even those following their doctor's orders to take a pill twice a day began experiencing withdrawal symptoms and were likely to become addicted.

Purdue Pharma replaced the original OxyContin pill with a new version that can't be ground up, and prescription rates have dropped. Addicts who can't get OxyContin on the street have turned to heroin, fentanyl, and other synthetic opioids. As the market for OxyContin shrinks in the United States, Purdue appears to be ramping up its efforts to market the drug overseas using the same tactics—commissioned studies, junkets, paid medical presenters, and videos.

In 2007, the company pled guilty to criminal charges that it had marketed OxyContin "with the intent to defraud or mislead." Three company officers were convicted, and they and the company paid $635 million in fines. There are currently thousands of lawsuits against Purdue Pharma, including those brought by nearly every state. Sackler family members are included in many of these legal actions.

The Sacklers, one of the richest families in the world, are also among the most philanthropic, funding museums, colleges,

and institutes. These include the Sackler Museum at Harvard, the Sackler Wing at the Louvre, and the Sackler Institute for Biological, Physical and Engineering Sciences at Yale University. Some of these institutions are now refusing gifts from members of the Sackler family who run the company. The Metropolitan Museum of Art in New York dropped ties with the Sacklers after protests by activists. The Guggenheim Museum in New York, the National Portrait Gallery in Britain, some academic institutions, and other organizations followed suit. The Louvre removed the Sackler name. However, many museums and universities will keep previous donations from the family, and the Sackler name will stay on their buildings.

Discussion Probes

1. What ethical principles and standards did Purdue Pharma violate in its marketing strategy?
2. What similarities do you see between how Purdue Pharma marketed OxyContin and how other industries market questionable products like tobacco, e-cigarettes, and energy drinks?
3. What restrictions should be placed on the sale of OxyContin and other prescription painkillers?
4. What punishment should Purdue Pharma face for its role in triggering the opioid epidemic? What punishment should the Sackler family face?
5. Should schools and museums reject the donations of the Sackler family? Should they return previous donations and take the Sackler name off of buildings and institutes?

Sources: Mariani, M. (2015, March 4). How the American opiate epidemic was started by one pharmaceutical company. *The Week*.

Marshall, A. (2019, July 17). Louvre removes Sackler family name from its walls. *The New York Times*.

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Walters, J. (2019, May 15). The Met museum to reject donations from Sackler family over opioid crisis. *The Guardian*.

Notes

1. Radden Keefe, P. (2017, October 23). The family that built an empire of pain. *The New Yorker*.

2. Meier, B. (2019, January 16). Owners tied to plan to hide OxyContin risk*. The New York Times*.

Case Study 10.2: Accounting/Finance Ethics Scenarios

Scenario 1

Sierra Thomas works as a staff accountant in a publicly traded construction company. To align employee incentives with company goals, all professional and staff employees are granted company stock options.

As a construction company, Sierra's employer utilizes percentage-of-completion accounting for revenues. This method relies on estimates of how much of a project is completed and whether actual costs will meet projected costs.

If Sierra deliberately lowers cost estimates in the next quarterly report, the company's stock price will likely rise over the short term. This will earn Sierra and her colleagues a substantial profit on their stock options. Thomas plans to cash in her options in the next few weeks in order to come up with the down payment on a new condo, one that she and her fiancée will move into following their wedding.

ACTION: Sierra decides to lower the cost estimates for the next quarterly report.

Evaluate Sierra's action based on the AICPA and CFA Institute codes of conduct.

Source: Klein, G. (2016). *Ethics in accounting: A decision-making approach*. Wiley, p. 230. Used by permission.

Scenario 2

As the controller for a small party-planning company, Ellen Yamamoto was pleased that the firm's sales grew 2% over the last year. She knew that a lot was riding on sales growth. Increased sales meant small bonuses for staff. More importantly, an upward sales trend would make the firm more attractive to buyers interested in purchasing the company when the owners retire.

Her company always ends its fiscal year on the first Monday of January, rather than on December 31. Although this fiscal-year pattern may seem odd, it is fairly common in certain industries, such as restaurants and movie theaters, that generate substantial sales on weekends. However, by starting every fiscal year on a Tuesday and ending it on a Monday, some fiscal years have 52 weeks and others have 53 weeks.

The company's current fiscal year is composed of 53 weeks, and the preceding fiscal year was comprised of 52 weeks, which likely accounted for the 2% sales growth. Not including this fact in the company's annual financial report could mislead readers into thinking that sales are up when they are essentially unchanged.

ACTION: Ellen decides not to disclose that the past year was comprised of 53 weeks in the company's financial statements.

Evaluate Ellen's action based on the AICPA and CFA Institute codes of conduct.

Source: Klein, G. (2016). *Ethics in accounting: A decision-making approach*. Wiley, p. 170. Used by permission.

Scenario 3

Tim Flach and Aaron Westervelt have been best friends ever since college, where they were fraternity brothers both majoring in finance. Upon graduation, Tim took a position as financial advisor with a small local firm while Aaron joined the mutual fund department of a major national bank. Recently Aaron contacted Tim to encourage him to put his clients into the mutual funds of his bank. The performance of the bank's funds are no better than the mutual funds currently held by Tim's clients. However, those switching to the bank's investments would pay significantly higher fund management fees. Tim would receive a commission for each new account. He wants to help Aaron, who is under pressure to boost his sales, and believes that establishing a relationship with this bank would benefit his company.

ACTION: Tim decides to recommend that his clients invest in the bank's mutual funds.

Evaluate Tim's action based on the AICPA and CFA Institute codes of conduct.

Source: Adapted from Klein, G. (2016). *Ethics in accounting: A decision-making approach*. Hoboken, NJ: Wiley, pp. 170, 230.

Case Study 10.3: Google's Shadow Workforce

Google has a reputation as a model employer. The high-tech firm offers high salaries, generous benefits, and perks like foosball tables, haircuts, and free lunch. Google's reputation took a serious hit, however, when reports revealed that 54% of its workforce—121,000 people—is made up of temporary workers, vendors, and contractors (TVCs) who handle such tasks as content reviewing, software testing, and software engineering. Described as the company's "underclass" or "shadow workforce," TVCs make significantly less than full-time employees (FTEs), and don't have such benefits as paid health insurance, retirement plans, and parental leave. A few company managers have been accused of demanding that contract employees work overtime without pay. Contract workers can be reluctant to complain about sexual harassment and other mistreatment by Google managers because they want to be hired on full-time.

Google's reliance on temp workers appears to be typical for Silicon Valley where contractors make up an estimated one-third to one-half of the workforce. According to the owner of one tech contracting firm, tech giants can save $100,000 a year per U.S. position by employing a contract employee instead of a full-time person. Officials at these companies are careful not to treat TVCs too much like full-time employees. If they do, contractors fall under the same legal protections as traditional workers. Google identifies this as a "risk" in training documents and takes several steps to maintain the distinction. TVCs can't attend meetings or parties or participate in career advancement programs. Contractors wear red badges; FTEs wear white ones. When temporary

employees working on the Google Assistant project were laid off, managers forbid their colleagues from offering support or thanking them for their work.

Both full-time and temporary workers are challenging Google's treatment of its shadow workforce. Twenty thousand employees participated in the #GoogleWalkout in 2018 to protest the company's handling of sexual discrimination complaints, discrimination, and racism as well as its treatment of temporary workers. Nine hundred TVC workers signed a letter demanding respect after the Google Assistant layoff. They asked that Google "respect our contracts" by paying out the rest of the length of their contracts if projects ended early. They requested that the company "respect our humanity" by allowing full-time workers to "openly empathize" with laid-off TVCs. They urged Google to "respect our work" by allowing temps to become full-time employees.[1]

Google executives responded to the protests by changing the company's sexual harassment policies and by improving working conditions for TVCs. Employment agencies must now pay a minimum of $15 an hour and provide full benefits, including health care, paid parental leave, and tuition reimbursement, by 2022. Nonetheless, Google Walkout organizers noted that these changes didn't do enough to deal with the inequities that separate full-time employees from contract workers who are largely people of color, immigrants, and those from working-class backgrounds. According to a Twitter message sent by the group:

> Many of our [temporary, vendor, and contracted] colleagues work without benefits or adequate pay, while a handful of Google executives reap hundreds of millions of dollars in personal wealth and the company sits on over $100 billion in cash. This

problem is easily fixed; it's a question of will, not resources. It's time to end the two-tier system that treats some workers as expendable.[2]

Discussion Probes

1. What is your image of Google as a company and place to work? Are you surprised to find that so much of its workforce is temporary?
2. Have you ever worked as a temporary worker or contract employee? What was your experience like?
3. How can temporary workers be protected from abuse?
4. Does the treatment of TVC employees at Google violate any principles and standards for ethical human resource management? If so, which ones?
5. What can be done to encourage tech companies to hire more full-time workers? What obstacles would such efforts face?

Sources: D'Onro, J., & Castillo, M. (2018, November 1). *Google employees around the world are walking out today to protest the company's handling of sexual misconduct*. CNBC.

Edelson, J. (2019, April 25). Google announces more policy changes after employee protests. *Bloomberg*.

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Kottasova, I., & O'Brien, S. A. (2018, May 1). *Google employees are staging another protest*. CNN.

Nieva, R. (2019, May 29). *Google contractors working on Assistant software allege wage theft*. CNET.

Wakabayashi, D. (2019, May 28). Google relies on underclass of temp labor. *The New York Times*.

Notes

1. Gross, E. L. (2019, April 4). Google's temporary workers will get full benefits including health care and paid parental leave. *Forbes*.

2. Wong, J. C. (2019, April 2). Google staff condemn treatment of temp workers in "historic" show of solidarity. *The Guardian*.

CHAPTER 11 PROMOTING SUSTAINABLE ORGANIZATIONAL CITIZENSHIP

Learning Objectives

- Summarize the stages of organizational citizenship development.
- Contrast agency and stakeholder theories.
- Define organizational sustainability.
- Assess the benefits and risks of corporate advocacy.
- Defend the practice of corporate social responsibility (CSR).
- Create a strategy for acting as an organizational steward.
- Describe the role of citizenship catalysts/social intrapreneurs.
- Evaluate the usefulness of social performance audits.

Chapter Preview

The Organization as Citizen

Components of Organizational Citizenship

- Stakeholder Focus
- Sustainability
- Corporate Social Responsibility
- Corporate/CEO Activism

Promoting Organizational Citizenship

- Adopt a Stewardship Mind-Set
- Act as a Citizenship Catalyst/Social Intrapreneur
- Measure Social Performance

Chapter Takeaways

Application Projects

In this chapter, we'll look beyond the borders of our organizations to focus on the role that they should play in local and national communities. Our individual responsibility is to equip our groups to act as socially responsible citizens. The first section of the chapter introduces organizational citizenship and traces its developmental

path. Section two describes the elements or components of outstanding organizational citizenship. Section three outlines strategies for encouraging our organizations to play this role.

THE ORGANIZATION AS CITIZEN

"From those to whom much has been given, much will be required." That saying encapsulates the relationship between organizations and Western society over the past several decades. Organizations wield more power than ever before. The decline of the extended family, urbanization, industrialization, and other factors have increased our reliance on corporations, governments, schools, nonprofit agencies, and other institutions. At the same time, societal expectations of organizations have greatly expanded. We now demand that organizations, even for-profit entities, behave responsibly. As evidence of that fact, consider the following[1]:

- A Nielsen global survey found that 81% "feel strongly that companies should help improve the environment." This view was shared by both genders and across generations.
- Forty-two percent of millennials (those born between 1981 and 1996) say that they have started or deepened a business relationship with a company they believe has a positive impact on the environment and/or society. Over a third said they had stopped or scaled back on a business relationship because the firm acted in an unethical manner.
- Organic foods, once sold only in specialty markets, are now carried by Walmart, Safeway, and other major food chains.
- Global assets totaling $26 trillion ($1 out of every $4 under professional management) are held in funds that invest only in companies that meet high environmental, social, and corporate governance standards.

- The World's Most Admired Companies earn that label in part because they are concerned about the community and the environment.
- Watchdog groups regularly monitor the financial status and effectiveness of charities.
- Labor activists, disability advocates, environmentalists, and other groups are quick to bring suit against governments and businesses that don't fulfill their social duties.
- Almost a quarter of recent Super Bowl ads had a social message.
- Over half of organizations surveyed report that their engagement with sustainability has recently increased. Nearly three-quarters say that they have developed products and services over the past year in order to generate a positive impact on society.

The term *organizational citizenship* best describes what society expects from businesses, governments, and nonprofits. Good citizens acknowledge their obligations to their communities. They use their influence to improve society.[2] Sandra Waddock offers this definition of outstanding corporate citizenship:

> Leading corporate citizens are companies that live up to clear constructive visions and core values consistent with those of the broader societies within which they operate, respect the natural environment, and treat well the entire range of stakeholders who risk capital in, have an interest in, or are linked to the firm through primary and secondary

impacts. … They recognize they are responsible for their impacts and are willing to be held accountable for them.[3]

Becoming an outstanding citizen doesn't happen overnight. Scholars at Boston College's Center for Corporate Citizenship believe that organizational citizenship follows a developmental path.[4] At each stage, corporate citizenship efforts become more aligned, integrated, and institutionalized. Alignment means tying corporate citizenship to business objectives and developing a coherent citizenship framework and strategy. Integration describes embedding corporate citizenship principles and practices throughout the organization and creating systems that cross departmental and functional boundaries. Institutionalization refers to ensuring that corporate citizenship is sustained by making it part of the standard way of doing business—for example, incorporating citizenship into mission and values and embedding it into the group's culture.

Knowing your company's stage of development can help you identify the challenges the group faces and set goals for going forward. (Complete Self-Assessment 11.1 to see how your organization rates as a corporate citizen.)

Stage 1: Elementary. This is the lowest developmental stage. Companies at this stage don't understand corporate citizenship. They are interested only in complying with laws and industry standards. Department heads make sure the company obeys the law to prevent harm to the group's reputation. Nike was in this phase when it was first accused of abusive labor practices in the 1990s and claimed that it had no responsibility for the actions of its overseas contractors. Credibility is the primary challenge for elementary-level firms. Their reputations are particularly vulnerable to crises, such as when outside groups challenge their employment practices or treatment of the

environment. They engage in one-way communication with outside groups, often to defend their actions.

Stage 2: Engaged. These organizations have "awakened" to the need for social responsibility, often reacting to outside pressures. DuPont's leaders, for example, determined that the company would move from complying with environmental regulations to actively seeking to win the public's trust. Engaged companies adopt policies to lower the risk of lawsuits and reputational damage. These policies generally call for exceeding legal requirements for safety, environmental health, and employment. Engaged firms enter into two-way communication with stakeholders like community groups and nongovernmental organizations (NGOs). Corporate units begin to participate in corporate social responsibility efforts, but there is no overall CSR strategy. Developing capacity is the biggest challenge in this phase. The group must develop its ability to address a variety of needs, which can seem overwhelming.

Stage 3: Innovative. Organizations in the innovative stage implement creative ways to improve and measure social performance. In this stage, leaders become even more involved in CSR, engage in dialogue with a greater variety of stakeholders, and develop new citizenship initiatives. Data collection is another important component of this phase. Innovative organizations monitor their social and environmental activities and may report the results to the public. (We'll take a closer look at social audits in the last section of the chapter.) Creating coherence is the primary challenge for Stage 3 organizations. Managers typically work independently on citizenship initiatives, and these efforts are not tied to corporate strategy and culture. While innovative organizations compile data, they don't make effective use of the information.

Stage 4: Integrated. In this stage, organizations take a more unified approach to citizenship than their counterparts in Stage 3. They try to incorporate citizenship concerns throughout every level and unit of the firm, making CSR part of the business plan. Leaders set citizenship goals, create performance indicators, and then monitor how well they do. They report the findings of all social and environmental audits, even when they are not favorable. Integrated organizations—Henkel, Interface, Diageo, Danone—often have committees made up of senior executives or board members to oversee these efforts. Deepening commitment is the primary challenge in Stage 4. Maintaining and strengthening commitment to citizenship is difficult when tackling significant problems like neighborhood blight and poverty.

Stage 5: Transformative. Companies like TOMS (Tomorrow's Shoes) and Patagonia make citizenship central to their missions and reputations. Consumers buy their products in part because of their citizenship activities. Transformative organizations hope to create new markets by merging their social commitment with their business strategies. They are willing to lose money in the short term if there is the possibility of a significant social and economic payoff in the long term. Stage 5 organizations often have visionary leaders who, troubled by the world's problems, are out to make it a better place. Firms in the transformative stage often partner with nonprofits, other businesses, and community groups to address these problems. The challenge for transformative companies is to learn how to develop alliances with other organizations and to balance stockholder interests with social concerns. Public benefit corporations or "profit-with-purpose businesses" are a new kind of corporation that addresses the tension between profit and social responsibility. These firms build social purposes into their corporate charters, which enables them

to pursue social as well as financial objectives. Plum Organics, Alter Ego, and Kickstarter are some of the firms that have registered as public benefit corporations.[5]

COMPONENTS OF ORGANIZATIONAL CITIZENSHIP

Four components or elements are key to the practice of organizational citizenship: (1) a stakeholder focus, (2) sustainability, (3) corporate social responsibility, and (4) corporate advocacy.

Self-Assessment 11.1: Organizational Citizenship Scale

Instructions

Rate your current organization on the following items based on a scale of 1 (*strongly disagree*) to 5 (*strongly agree*).

Economic citizenship

1. Our organization has a procedure in place to respond to every customer complaint.
2. We continually improve the quality of our products and services.
3. We use customer satisfaction as an indicator of our performance.
4. We strive to lower our operating costs.
5. Top management establishes long-term strategies for our organization.

Legal citizenship

1. Managers are informed about relevant environmental laws.
2. Our contractual obligations are always honored.
3. The managers of this organization try to comply with the law.
4. Our organization seeks to comply with all laws regulating hiring and employee benefits.
5. We have programs that encourage the diversity of our workforce (in terms of age, gender, or race).
6. Internal policies prevent discrimination in employee compensation and promotion.

Ethical citizenship

1. Our business has a comprehensive code of conduct.
2. Members of our organization follow professional standards.
3. Top managers monitor the potential negative impacts of our activities on our community.
4. We are recognized as a trustworthy organization.
5. Fairness toward coworkers and organization partners is an integral part of our employee evaluation process.
6. A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment).
7. Our employees are required to provide full and accurate information to all customers.

Discretionary citizenship

1. Our organization supports employees who acquire additional education.
2. Flexible organizational polices enable employees to better coordinate work and personal life.
3. Our organization gives adequate contributions to charities.
4. A program is in place to reduce the amount of energy and materials wasted in our organization.
5. We encourage partnerships with local businesses and schools.
6. Our organization supports local sports and cultural activities.

Scoring

To come up with an average score for each dimension, add up the scores in that category and then divide by the number of items. The averages will reveal where your organization performs well and not so well as an organizational citizen.

Source: Adapted from Maignan, I., & Ferrell, O. C. (2001). Antecedents and benefits of corporate citizenship: An investigation of French businesses. *Journal of Business Research, 51,* 37–51. Used by permission.

Stakeholder Focus

To function as citizens, organizations must first recognize that they have obligations to a variety of groups who have an interest or "stake" in their operations. The stakeholder framework first developed as an alternative way to define the relationship between large businesses and society but since has been extended to organizations of all types—partnerships, small businesses, governments, and nonprofits.[6] Traditionally, corporate executives were viewed as agents who acted on behalf of the company's owners. According to this perspective (called *agency theory*), the manager's primary ethical obligation is to promote the interests of stockholders. Companies that operate efficiently and profitably benefit the community through the creation of jobs and wealth as well as through higher tax revenues.

Stakeholder theorists challenge the notion that a manager's sole moral duty is to company owners.[7] They note that the pursuit of corporate wealth doesn't benefit everyone. When a major retailer like Walmart forces its suppliers to cut costs, for example, lots of groups suffer. Employees manufacturing the goods see their wages and benefits cut, and jobs are lost; local businesses and economies decline. Also, shareholders aren't the only groups with an interest or stake in what the company does. Governments charter corporations based in part on the expectation that they will provide benefits to society. Governments invest in businesses by supplying them with cheap land, building access roads, and offering tax breaks.

Advocates of stakeholder theory argue that organizations of all kinds have an ethical obligation to "heed the needs, interests, and influence of those affected by their policies and operations."[8] Drawing from Kant's categorical imperative, some proponents believe that all stakeholders have intrinsic value.[9] It is wrong to use any group of people as a means to organizational ends. The interests of

diverse stakeholder groups are valid and worthy of respect. Other supporters of this approach draw upon justice-as-fairness theory to emphasize that outside groups and individuals need to be treated fairly by the organization.[10] Still others believe that the stakeholder framework best reflects the feminist commitment to relationships. Feminists see corporations as webs of relationships with stakeholders, not as independent entities.[11] One final group adopts a communitarian perspective, which emphasizes the importance of serving the common good. They point out that serving stakeholders, not just stockholders, is more likely to promote cooperation and the development of networks that advance the overall good of society.[12] (Case Study 11.1 describes a new approach to capitalism based on putting stakeholders first.)

Recognizing the concerns of multiple stakeholders has strategic as well as ethical implications. Identifying the needs of stakeholders should be part of any major decision, like entering additional markets, establishing a new social service program, or changing an investment strategy. You will want to engage with stakeholders in order to improve organizational performance at the same time that you respond to your moral responsibilities. (Ethical Checkpoint 11.1 explores what it means to actively engage with stakeholders.)

In addition to engaging in ongoing relationships with stakeholders, organizations need to identify and respond to changing social and ethical conditions. This process is called *issues management*. Ethical sensitivities and moral customs continually evolve. Smoking, which once was allowed nearly everywhere in this country, is now banned from many indoor public spaces, for instance. Same-sex marriages, which used to be banned, are now legal. Wagering on sports, once limited to Nevada and offshore sites, is now sponsored by several states. (Case Study 11.2 describes an emerging environmental issue that is changing attitudes and behaviors.)

Ethical Checkpoint 11.1

Stakeholder Engagement

Organizations in the initial stages of citizenship development often view stakeholders as objects to be managed and used in order to help the group reach its goals. In this instrumental approach, organizations try to avoid groups that will disrupt their plans and keep them from achieving their objectives. Organizational representatives view their stakeholder interactions as monologues ("I-It" communication), treating stakeholders as resources, not as people, and they control the interaction in order to achieve their agendas.

A growing number of public relations specialists and communication scholars argue that engagement is a more ethical approach to stakeholders. Engagement is based on valuing stakeholders as people worthy of respect and on establishing long-term relationships with them. Engaged organizations repeatedly dialogue with stakeholders (see Chapter 4 for more information on dialogue). In these dialogic ("I-Thou") interactions, there are no agendas or manipulation. Instead, both sides take turns, introduce topics of interest (some of which may be uncomfortable), collaborate with each other, and build trust. Organizational communicators don't just listen to stakeholder concerns; they also respond by changing how the company operates. The goal is to reach solutions that benefit both parties. Engagement isn't limited to friendly stakeholders but includes hostile groups as well. By encouraging publics to raise concerns, stakeholder engagement serves as an early warning system, alerting the organization to emerging social

issues. The benefits of engagement extend to society as a whole. By working together, organizations and publics develop connections—social capital—that communities can draw on to solve shared problems.

One major oil company decided to engage with neighborhood stakeholders after land it donated to the local school district began oozing toxic tar under an elementary school. The firm could have denied responsibility since the chemicals were buried before it purchased the property. Alternatively, company officials could have shifted responsibility to the federal government by declaring this a Superfund site. Or they could have hired an outside firm to evaluate the risk and propose a response. Instead, representatives met with community leaders and provided them with a list of engineering/remediation companies. They told the community members to review the list, adding other consultants if they wanted, and to decide which one would best address the problem. The company agreed to abide by the recommendations and to pay for the investigation. Not only was this the most ethical response, best serving the health of the community, but engagement was also most cost effective because dialogue avoided litigation. The community later honored the oil company with its "good neighbor" award.

Sources: Heath, R. L. (2018). How fully functioning is communication engagement if society does not benefit? In K. A. Johnston & M. Taylor (Eds.), *The handbook of communication engagement* (pp. 33–47). Wiley.

Lane, A., & Kent, M. L. (2018). Dialogic engagement. In K. A. Johnston & M. Taylor (Eds.), *The handbook of communication engagement* (pp. 51–72). Wiley.

Taylor, M, & Kent, M. L. (2014). Dialogic engagement: Clarifying foundational concepts. *Journal of Public Relations Research, 26*, 384–398.

Issues management is a function of public relations departments at a number of major corporations, though it can also be housed in other departments like legal, government relations, or quality assurance. SC Johnson credits its issues management program for the firm's decision to eliminate fluorocarbons from aerosol sprays three years before federal regulations took effect. Coca-Cola and other beverage companies are marketing lower-calorie drinks as concerns about obesity grow. It would be wrong to make issues management solely the responsibility of public relations or another department, however. Companies skilled at issues management place individuals from a variety of functional areas on their issues management teams.[13] Then, too, all employees have a responsibility to be on the lookout for future trends through scanning and monitoring. In this context, *scanning* refers to surveying the environment to identify potential issues that might impact your organization. Surf the web; monitor tweets, Facebook, blogs, and YouTube; read a wide variety of issues-oriented print and online publications (*The Nation*, *HuffPost*, for example); track news sources and talk shows; and interact with stakeholder groups and activists.

Issues develop in four stages.[14] In the *latent* stage, only a few activist communities and NGOs are aware of the societal issue, and the trend is largely ignored by the business community. In the *emerging* stage, politicians and the media become aware of the issue, and there is an developing body of research and data to support its existence. Leading businesses begin to experiment with approaches to dealing with the issue. In the *consolidating* stage, more businesses begin to develop responses to the issue. Voluntary initiatives are started, lawsuits are filed, and there is increasing pressure to develop laws to address the trend. In the

institutionalized stage, legislation is passed, and businesses embed new practices into their operations.

You can monitor the progress of any issue using this format. Take the issue of paying college athletes. At first, only a few labor groups and athletes complained that colleges and businesses were taking advantage of players by not paying them for their work and images. Next, the issue began to grab political and media attention with growing recognition of the unfairness of the current system. Currently, this concern appears to be moving from the consolidating to the institutionalized stage. A court settlement forced EA Sports and the National Collegiate Athletic Association (NCAA) to pay players for the use of their images in video games. California passed a law allowing college players to hire agents and to make endorsement deals. The NCAA, which has long resisted paying players, is now exploring ways to implement a pay-for-play system.

Once an issue has been identified, determine its significance and its likely impact. Evaluate the issue according to magnitude and probability.[15] Some issues have low probability and magnitude. They are not likely to affect the organization, and if they do, their effects will likely be minimal. These developments should be given low priority. Focus instead on issues with higher probability and magnitude. Create a list of these high-priority issues and develop strategies for responding to them. Failure to prepare can threaten the future of the organization. Changing societal attitudes toward animals led to the demise of Ringling Brothers and Barnum & Bailey Circus, which featured captive elephants, and forced SeaWorld to end its captive orca breeding program and popular orca performances.

Sustainability

Treating the environment well is an important citizenship responsibility. In fact, environmental care or *sustainability* serves as the primary standard or guideline for corporate citizenship in Europe and other parts of the world. Sustainability means preserving the natural environment while, at the same time, creating long-lasting economic and social value. Sustainable organizations want to meet their current needs, but they want to do so in a way that doesn't reduce the ability of future generations to meet their needs.[16] They adopt a long-term perspective, hoping to create conditions that foster decades of economic health and social responsibility, ensuring the well-being of future generations. Corporate citizens reduce greenhouse gases and waste; protect natural resources; distribute resources fairly; create healthy living conditions; provide equal access to food, water, education, employment, and health care; and so on. One list of sustainable practices is found in Ethical Checkpoint 11.2.

Ethical Checkpoint 11.2

Ceres Principles

Ceres, a nonprofit organization dedicated to sustainability, published the following corporate environmental conduct principles right after the 1989 crash of the Exxon Valdez oil tanker that caused significant environmental damage in Alaska's Prince William Sound. Companies that pledge to adhere to these principles also commit themselves to publicly reporting on their performance.

Protection of the Biosphere

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth and its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils, and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation

We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction

We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services

We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration

We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public

We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment

We will implement these Principles and sustain a process that ensures the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the Ceres Report, which will be made available to the public.

Source: CERES (N.d.), *About Us*. https://www.ceres.org/about-us. Accessed October 5, 2017.

The need for sustainable business practices is great because the natural world is under assault, largely because of population growth. The world's population is expected to grow from over 7.3 billion in 2016 to around 9.7 billion by 2050 with Africa accounting for half of this population increase.[17] More people means more air and water pollution, deforestation, flooding, climate change, water shortages, soil erosion, and species loss. Bird populations in North America are down nearly 30% since 1970. A quarter of all mammals and a third of all amphibians face extinction within the next 30 years. Affluence also stresses the environment. As families around the world reach the middle class, they buy more consumer products and often change their diets. Eighty thousand new cars hit the roads every year, and millions of Asian consumers are developing a taste for meat. A pound of beef takes 16 pounds of grain to produce; meat production demands lots of water, energy, and fertilizers while producing tons of animal waste.

Sustainability is a high standard that demands constant improvement. For instance, manufacturers seeking to boost their environmental records generally begin by transitioning from pollution control to pollution prevention.[18] Instead of cleaning up messes after they occur, they try to prevent them from happening in the first place by reducing smokestack emissions and waste. Such tactics can

greatly reduce the costs of disposing of toxic substances. However, if manufacturers want to continue to improve, they shift their focus from minimizing pollution to considering all the possible environmental impacts over the life cycle of a product. They create goods that are easier to recover, recycle, or reuse. Xerox took this approach by taking parts from leased copiers and reconditioning them for use in new machines. If environmentally conscious organizations want to progress still further, they must invest in clean technology that is environmentally sustainable. Hybrid gas and electric cars are a step in this direction. So are BMW automobiles, which are built to be easier to disassemble when they leave the road for good.

While sustainability efforts can be expensive, more often than not they boost profits. Throwing away less translates into lower raw materials costs and disposal fees. Recycling parts, as in the case of Xerox, reduces costs yet further. Sustainable firms greatly reduce the risk of being sued or fined for environmental infractions like polluting rivers or producing toxic emissions. They enjoy better relationships with activists, local communities, and other stakeholder groups. Their corporate reputations or "brands" get a boost. Consumers and investors reward companies with good environmental records through purchases and investment. Those working for such firms are more committed to their organizations, feel a greater sense of organizational pride, and are more willing to put forth effort.

Sustainability increased employee engagement and profit at one large restaurant chain.[19] While the chain's customers weren't too concerned about the environment, employees at this chain were. Company leaders created green teams of frontline employees and charged them with addressing the results of an environmental audit. Auditors found widespread waste. Some stores left their lights and appliances on 24 hours a day, many used excessive amounts of water, few had recycling or composting programs, and waste disposal costs were not tracked. The green teams reduced these

wasteful practices, saving each restaurant $10,000 a year while heightening the level of employee engagement.

Individuals can play an important role in promoting sustainability initiatives. Take the case of Swedish teen Greta Thunberg. She sparked a global movement by skipping school.[20] In 2018, she began sitting outside Sweden's parliament on Fridays holding a handmade sign reading "Skolstrejk för klimatet: School strike for climate change." Soon other students joined her after learning about her efforts on social media and in the press, creating a climate change movement called Fridays for Future. Thunberg began participating in other demonstrations throughout Europe and making speeches before the United Nations Climate Change Conference, the World Economic Forum, and several European parliaments. She told UN leaders, "You have stolen my dreams and my childhood with your empty words. We are in the beginning of a mass extinction. And all you can talk about is money and fairy tales of eternal economic growth. How dare you!" She inspired 4 million people to join the largest climate demonstration in history in 2019. *Time* magazine named her its youngest Person of the Year, and she was nominated for the Nobel Prize. The "Greta effect" describes her success in getting her peers, politicians, and business leaders to focus on climate change.

Corporate Social Responsibility

Corporate social responsibility (CSR) describes the efforts of companies and other organizations to actively improve the welfare of society. Not everyone is supportive of such activities. Some follow the lead of economist Milton Friedman, who argued that business should focus solely on making profits.[21] Managers who give to philanthropic causes are not only deciding how to spend the money of stockholders without their consent, but they also lack the skills to effectively address social concerns. Dealing with social problems is best left to the government. Disciples of Friedman worry that if businesses are distracted from their primary goal, they will generate less economic activity, which will mean fewer jobs and lower tax revenues. In other words, society benefits more if business sticks to business. Others take issue with claims that CSR adds to the bottom line, noting that while some companies see higher profits from CSR activities, many others do not. Skeptics note that CSR can be used as a public relations "smokescreen," enabling firms to burnish their images while still behaving unethically. Encouraging corporations to become more active in meeting social problems appears to further increase the influence of business, which already wields tremendous economic and political power.[22]

CSR critics make some valid points. There is no guarantee that citizenship will lead to higher profits. Some firms employ CSR activities for public relations purposes only. We should be concerned about the amount of power wielded by multinational corporations (see Chapter 12). But the objections of CSR detractors fall short. Friedman seems to equate CSR with philanthropy. As we'll see, CSR activities extend well beyond corporate giving, and many organizations (Timberland, Interface, Tata Steel, TOMS) build CSR into their corporate DNA. Governments, by themselves, have not always been able to effectively deal with social problems. While not every company benefits financially from being socially responsible,

many do.[23] Participating in CSR activities can pay significant dividends. Studies reveal that engaging in social responsibility efforts improves a firm's reputation while increasing customer loyalty and ratings of its products. Employees who work for socially responsible firms are more likely to identify with their employers, while getting along better with fellow workers. They perform better, stay with the company longer, and engage in more organizational citizenship behaviors. CSR also makes a company more attractive as a prospective employer.[24]

From an ethical perspective, being a corporate citizen appears to be the right thing to do. CSR behaviors are altruistic, contribute to the common good, treat others with dignity, are just, and so on. Finally, as we noted at the beginning of the chapter, society expects more from its organizations than ever before. Corporations must be good citizens or risk being punished by investors and consumers alike.

CSR efforts can take many different forms. To demonstrate the wide scope of CSR activities, I'll describe three different typologies. The first typology is the CSR pyramid developed by Archie Carroll.[25] *Economic responsibilities* form the base of Carroll's CSR pyramid. Businesses have a duty to be profitable so they can provide goods and services, pay employees, and reward investors. If they go bankrupt, they cannot carry out the duties to follow. *Legal responsibilities* make up the next level of the CSR pyramid. Corporations and small businesses must obey employment laws, follow environmental regulations, honor contracts, make good on warranties and guarantees, and so on. However, the law only outlines minimum acceptable behavior. Legal regulations don't cover all situations, and what is legal is not always moral. As a result, corporations should move to the next stage of the pyramid—*ethical responsibilities*. They must live up to the ethical values and standards of society, which include being fair and just and doing the right thing. *Philanthropic responsibilities* are at the top of the CSR pyramid. At this level, businesses voluntarily give back to the

community through making contributions, donating goods and services, employee volunteerism, partnering with nonprofits, and other means.

A second classification system describes frequently used CSR strategies.[26] These include

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cause promotions—promoting a specific cause that benefits society, such as eliminating poverty, fighting child abuse, or reducing homelessness;

cause-related marketing—a marketing campaign highlighting the correlations between sales (of fishing equipment, for instance) and contributions to support a specific cause (conservation);

corporate social marketing—promoting social causes like quitting vaping, healthy eating, and elder care;

corporate philanthropy/sponsorship—donating money or products to support specific groups and causes like the YWCA and the Komen Race for the Cure;

volunteering—encouraging or paying employees to volunteer on community projects (e.g., serving food at rescue missions, building homes for Habitat for Humanity);

socially responsible business practices—engaging fairly with suppliers, treating employees fairly, following ethical standards and practices, and so on;

foundation—setting up a nonprofit organization with a charitable purpose to make contributions and to provide support to other organizations and communities; and

partnership—collaborating with companies or colleges to work on CSR-related projects like reducing carbon emissions.

A third classification system divides CSR activities according to the domain or area they are designed to impact.[27] According to this typology, CSR efforts address four domains:

Human resources: The development of protection of people. For example: providing a safe work environment, fairly compensating workers, offering training opportunities, refusing to support organizations that engage in child labor or slavery.

Community, cultural, and societal involvement and philanthropy. For example: respecting the culture and rights of Indigenous people, obeying laws and regulations, giving back to the community through donations, foundations, and volunteerism.

Environmental protection, waste reduction, and sustainability. For example: restoring biodiversity, eliminating waste, treating animals humanely, recycling, reducing energy and water use.

Product, consumer, and service contributions and protections. For example: protecting consumers, using renewable materials in manufacturing, providing truthful information about the environmental impacts of products, buying in a socially responsible manner from minority, indigenous, and women-owned businesses.

Corporate/CEO Activism

In recent years corporate activism, also known as "CEO activism" and "corporate social advocacy," has emerged as a new component of organizational citizenship. Companies engaged in corporate activism take moral stances on social-political issues like same-sex marriage, racism, immigration bans, and lesbian, gay, bisexual, and transgender freedoms.[28] Corporations have traditionally taken positions related to their business interests, such as when an oil company pushes the federal government to open up new areas for offshore drilling. In corporate social advocacy, however, firms take public positions on issues that are not directly related to their operations. In the past, CEOs were reluctant to speak out about social issues for fear of alienating customers, believing "it is better to be seen than heard." They followed the lead of basketball star and athletic shoe promoter Michael Jordan. Jordan refused to support a Democratic North Carolina Senate candidate, noting "Republicans wear shoes too." Now CEOs are speaking out. One group of business leaders signed a letter protesting President Donald Trump's ban on Muslim immigrants, and others signed a letter asking him not to withdraw from the Paris climate accord. One hundred forty-five CEOs sent a letter to senators calling for stronger gun control laws. PayPal, Deutsche Bank, the National Basketball Association, and other companies retaliated against North Carolina after the state passed a law (later modified) requiring transgender individuals to use the bathrooms that match the sex listed on their birth certificates. CEOs at Angie's List, Anthem, Eli Lilly, and Salesforce led efforts to repeal a similar law in Indiana. However, corporate activism isn't limited to one side of the political spectrum. Chick-fil-A CEO Dan Cathy stated his opposition to same-sex marriage, and Hobby Lobby fought efforts to require coverage of birth control under the Affordable Care Act.

Several factors appear to be driving CEO/corporate advocacy.[29] First, for some firms like Starbucks, political stances appear to be a natural outgrowth of their commitment to social responsibility. Starbucks has taken positions on everything from addressing unemployment to helping impoverished communities. The public increasingly expects companies to speak out on societal issues, particularly those firms that tout themselves as socially conscious. Second, it makes sense for companies who have invested millions in fostering diverse workforces to support diversity in society. Failure to do so would undercut their credibility with employees. Third, in the age of social media, CEOs can speak directly to consumers. Fourth, many employees, particularly millennials, want their leaders to speak out. They may change companies if their CEOs do not. This is a particular concern for high-tech companies who face a shortage of qualified workers. Finally, some CEOs believe that they have an ethical/moral duty to take stances. That's the motivation for Marc Benioff, CEO and founder of Salesforce:

> I think that CEOs today and business leaders are as important as political leaders and that they have a role like political leaders, which is that they have to stand for something. When things happen in the world that you don't agree with, as a CEO, you have a responsibility to come forward and say, "hey, I don't agree with that because it doesn't support my employees, or it doesn't support my customers."[30]

Corporate advocacy can have an impact. The "bathroom bills" in Indiana and North Carolina were repealed or modified in response to business pressure. Corporate pressure also kept Georgia from adopting such a law. In one research project, respondents were less likely to support Indiana's bathroom bill when they read a message from Apple CEO Tim Cook opposing the legislation. Those who agreed with Cook's stance on gender discrimination were more likely

to buy Apple products than those who disagreed with him.[31] A Stanford University survey found that 65% of Americans believe that large companies should influence social, environmental, and political issues. Democrats (72%) are more supportive of corporate activism than Republicans (57%). Millennials and Gen Xers are much more likely to endorse corporate activism than baby boomers.[32]

Companies taking social positions run the risk of losing market share (see Case Study 11.3). The Stanford researchers found that Americans are more likely to stop buying from a CEO with whom they disagree than to start buying from a CEO with whom they agree. Every social stance seems to generate a counter stance. When Starbucks said it would hire 10,000 immigrants, for instance, it was the target of a boycott. Uber was the subject of a #DeleteUber boycott for appearing to undercut a New York City Muslim immigration ban protest. Evangelical Christians targeted Target and Wells Fargo over their support for marriage equality.

Activist CEOs can reduce the risks of speaking out by

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making sure their companies live up to their public statements (e.g., promoting diversity, using renewable resources);

establishing a link between the issue and the firm's values;

committing time and resources to the issue over the long term;

joining with other businesses; and

preparing for a "social media firestorm" generated by opponents and supporters of their positions.[33]

Expect more CEOs to speak out. Corporate activism seems to be following the pattern of CSR, which went from voluntary to a "public expectation." Remaining silent also sends a message. According to Harvard Business School professor Michael Toffel, "I think silence is also political. I think people are starting to interpret that."[34]

PROMOTING ORGANIZATIONAL CITIZENSHIP

To move our organizations to a higher stage or level of citizenship development, three steps are critical: (1) adopt a stewardship mentality, (2) act as citizen catalyst/social intrapreneur, and (3) measure social performance. We'll conclude this chapter by taking a closer look at each of these elements.

Adopt a Stewardship Mind-Set

Organizational citizenship is founded in large part on a commitment to stewardship. Stewardship, as we noted in our discussion of servant leadership in Chapter 7, means acting on behalf of others. Stewards seek to serve the interests of the organization and followers rather than pursue selfish concerns. On an organizational level, stewardship theory operates on the premise that virtuous managers will meet the needs of internal and external groups and society as a whole.[35] By pursuing long-term organizational benefits or goals instead of short-term gain, stewards are better able to serve the needs of all stakeholders and the common good. They also keep in mind the interests of future generations by, for example, spending more on production now to reduce pollution.

Several characteristics set organizational stewards apart from their organizational colleagues. First, they are intrinsically motivated. They seek such intangible rewards as personal growth, affiliation, achievement, and self-actualization rather than tangible rewards like bonuses and company cars. Second, stewards identify themselves with the goals, mission, and vision of their organizations. They share credit for the group's success and shoulder the blame for its failure when it falls short. Third, stewards rely on personal power instead of on positional forms of power (see Chapter 5) to achieve their goals. Fourth, stewards demonstrate a high level of concern not only for the performance of the organization but also for employees, customers, and the disadvantaged.

Covenantal relationships are critical to organizational stewardship.[36] Unlike traditional transactional contracts, which are based on short-term exchanges between parties (labor for money, money for products), covenantal relationships are based on the long-term commitment of parties to each other and on loyalty to shared values. The relational partners realize that they may not benefit from every

decision but remain committed to the relationship. Covenants are directly tied to social responsibility. Covenantal relationships between workers and employers tend to develop in organizations that invest in social welfare. Employees are more likely to buy into the ideology of groups that promote community interests. Of course, establishing covenantal relationships can be difficult, particularly with those outside the organization. Nonetheless, if you place collective interests over selfish concerns, you are less tempted to engage in such ethical abuses as excessive executive compensation and lying to boost short-term profits. By acting as a steward, you are more likely to be a committed, productive organizational member who reaches out to help your colleagues and outsiders. You can promote stewardship in your organization as a whole through

- sharing leadership responsibilities;
- building collaborative relationships;
- emphasizing shared values and a collective purpose;
- empowering workers;
- promoting a long-term orientation that benefits the next generation;
- helping members see their work as a calling;
- emphasizing collective interests;
- modeling moral courage, as well as other-focused behaviors;
- investing in employee development;
- encouraging members to develop a sense of self-efficacy related to

- their work; and
- promoting a sense of employee ownership.[37]

To determine if your employer has made efforts to develop a stewardship climate, complete Self-Assessment 11.2.

Self-Assessment 11.2: Stewardship Climate Scale

Instructions

Rate your employer on each of the following items on a scale from 1 (*strongly disagree*) to 5 (*strongly agree*).

1. Supervisors express appreciation to subordinates.	1	2	3	4	5
2. Supervisors give credit to subordinates for their work.	1	2	3	4	5
3. Supervisors give praise to employees for good job performance.	1	2	3	4	5
4. The organization's successes are the employees' successes.	1	2	3	4	5
5. When someone praises the company, it feels like a personal compliment.	1	2	3	4	5

6. Employees feel a sense of "ownership" for this organization rather than just being an employee.	1	2	3	4	5
7. Supervisors are individuals with whom employees can identify.	1	2	3	4	5
8. Supervisors give good reasons for changing how employees do their jobs.	1	2	3	4	5
9. Supervisors have more technical knowledge.	1	2	3	4	5
10. In my organization, cooperation among team members usually helps solve problems.	1	2	3	4	5
11. In my organization, team-based work provides the best work performance.	1	2	3	4	5
12. In my organization, teamwork is central to an effective organization.	1	2	3	4	5
13. Managers' decisions are influenced by employees' input.	1	2	3	4	5

14. Managers try to reach consensus among employees on important decisions.	1	2	3	4	5
15. Managers make employees feel like they work with them, not for them.	1	2	3	4	5
16. Managers make most decisions without consulting subordinates.	1	2	3	4	5
17. Managers frequently use authority and power when dealing with subordinates.	1	2	3	4	5
18. Managers do not delegate important tasks to employees.	1	2	3	4	5

Scoring

Reverse scores on items 16–18 and then add up scores for each dimension (range 3–15). Add each dimension (range 3–15) to come up with a total stewardship climate score (range 18–90).

Intrinsic motivation Items 1, 2, and 3 _____

Organizational identification Items 4, 5, and 6 _____

Supervisor use of personal power Items 7, 8, and 9_____

Cooperation/collective focus Items 10, 11, and 12 _____

Employee involvement Items 13, 14, and 15 _____

Low power distance/differences Items 16, 17, and 18 _____

Total _____

Source: Neubaum, D. O., Thomas, C. H., Dibrell, C., & Craig, J. B. (2017). Stewardship climate scale: An assessment of reliability and validity. *Family Business Review, 30,* 37–60.

Act as a Citizenship Catalyst/Social Intrapreneur

Top-level leaders get most of credit for developing organizational citizens, but lower-level leaders and followers can also lead the way. At AMD, Petro-Canada, and Agilent, midlevel managers from a variety of departments—community affairs, corporate communication, environmental management—joined together to convince senior management of the importance of citizenship and to form coordinating committees. Unilever's Asian food business employees encouraged the company to address nutritional needs in the region. As a result, the company launched a children's nutrition program and implemented the campaign in conjunction with UNICEF and Indian nonprofit groups.[38]

Corporate citizenship investigators use the term *catalytic approach* to describe leading citizenship from the middle or lower levels of the organization. In this nonprogrammed, organic strategy, employees take advantage of opportunities that arise, take small steps, and recognize that change can flow from many different sources. These experts suggest that if you want to be a corporate citizenship catalyst, recognize the importance of small wins or changes. Demonstrate the value of citizenship through modest success before moving on. Reuse structures already in place. For instance, add citizenship measures to existing performance evaluations and introduce citizenship into training programs. Be prepared to work overtime to balance the needs of stakeholders, weigh benefits against costs, and so on. Finally, be a "passionate practitioner." A single person can make a difference through sustained commitment to citizenship.[39]

Like citizenship catalysts, *social intrapreneurs* also work to promote corporate responsibility from inside the organization.[40] These inside activists strive to integrate their personal commitment to ethics and

sustainability into their job decisions, making their work an authentic expression of who they are. "Moral shocks" play an important role in triggering social commitment for many social intrapreneurs. In these moments, they realize that their firms contribute to social or environmental harms and feel an ethical responsibility to take action. One marketing manager received a "wake-up call" when an outside agency gave her firm a low integrity rating because it sold unhealthy foods to kids. A brand manager experienced moral shock when he visited a developing country and saw that his company's food product was contributing to diabetes and other health issues in children.

Social intrapreneurs can significantly boost corporate citizenship. They introduce four types of social innovations: product, people, practices, and public.[41]

1. *Product*—goods and services that improve the community, the environment or employees. These innovations often take the form of social enterprises embedded in larger organizations. eBay's World of Good is one example of a successful social product innovation. Started by an Indian expatriate living in the United States, World of Good is an online platform where buyers can purchase fair-trade-certified products from third world artisans.
2. *People*—aimed at creating a more just and rewarding workplace for employees. A machine operator at Michigan's Cascade Engineering introduced a series of programs designed to transition those on welfare to careers with the company. His efforts succeeded in putting hundreds of disadvantaged residents to work while cutting the company's turnover in half.
3. *Practices*—altering the way the company operates to be better for the environment, the community, and organizational workers. A sustainability manager spearheaded development of a code of human rights at Ford. This code, which enforces labor standards at suppliers, was later expanded to include human

trafficking, elimination of conflict minerals, and environmental justice, including access to water as a fundamental right.

4. *Public*—meeting the interests of the public and supporting other stakeholders while reaching business objectives. IBM's Corporate Service Corps, the brainchild of a former Peace Corps volunteer, is one widely admired social innovation. The Corporate Service Corps places high-performing managers on teams with nonprofits in emerging markets all over the world.

Daily practices are key to acting as a social intrapreneur. To promote social change, bring morality into everyday interactions by, for instance, weaving sustainability into business presentations, highlighting that protecting the environment is the right thing to do. Be prepared to make the "business case" for corporate responsibility by marshaling facts demonstrating that current operations pose a financial and reputational risk (e.g., shrinking sales, public criticism) and highlighting the opportunities, like establishing potential new markets in developing countries, that would come from the change. Join with others in the organization who want to address social issues. Form alliances with outside groups—business associations, networking groups, nonprofits—to address industry-wide problems like alcohol abuse and gun violence. Assist outside activists who want to improve the company's social behavior (see Contemporary Issues in Organizational Ethics 11.1). Trigger moral shocks to challenge the thinking of peers, subordinates, and superiors. Tell stories that highlight the damage done to individuals, society, and the environment by current organizational practices, bring in climate change experts, highlight the amount of food and energy being wasted by the company and consumers, and so on.

Contemporary Issues in Organizational Ethics 11.1: Social Shareholder Activists

Shareholders have special privileges as company owners. They are allowed to participate in annual shareholder meetings and to weigh in on the firm's operations. Environmental groups, human rights supporters, religious organizations, and other stakeholder activists use their investor status to force businesses to behave in a more responsible manner. They introduce resolutions into the company proxy statements that are provided to investors before the annual stockholder meeting. According to Securities and Exchange Commission (SEC) regulations, any shareholder who holds $2,000 of company stock for a year can put a resolution before fellow shareholders for a vote and may resubmit the proposal if it receives 3% of the ballots the first year, 6% in the second year, and 10% in the third year. In Australia and the United Kingdom, over 100 shareholders must back a proposal. NGOs and other activists often lobby institutional investors, such as hedge and pension funds, to support their proposals. The California State Teachers' Retirement System urged Apple to help parents protect their children when online. Apple then announced new tools to assist parents. Student activists convinced Stanford University to divest its holdings in coal companies.

Much of the work of social stakeholder activists takes place behind the scenes. They "take to the suites, not to the streets." Activists often threaten to file resolutions but then withdraw them if the companies agree to negotiate. The Interfaith Center on Corporate Responsibility, a leading resource for social shareholder activism, reports that its

members engage with 250–300 companies each year in person or through conference calls. If these efforts fail, only then do its members file proxy resolutions.

Shareholder activists have been able to convince companies to stop doing business in apartheid South Africa, to encourage pharmaceutical companies to claw back executive incentives based on promoting opioids, and to persuade firms to improve their reporting on political spending. The percentage of support for social resolutions continues to increase (from 19% to 25.7% between 2010 and 2018) along with the number of passed proposals. Shareholder activism is growing in Europe and the United Kingdom as well. Nevertheless, shareholder activism is controversial. A number of corporate leaders complain that activists are micromanaging, introducing frivolous proposals, and interfering with core business functions. Corporations may respond by hardening their stance on a social or environmental issue, citing the low percentage of votes supporting a resolution. Company executives can stop (and have stopped) talking to activists.

NASDAQ and the U.S. Chamber of Commerce are among the groups seeking legislation that would raise the minimum amount of stock needed to file a resolution to $25,000 and raise the threshold of support needed to resubmit in following years to 5%, 15%, and 25%. According to the president of one nonprofit that advises social shareholder campaigns, "the fact that shareholders are feeling empowered is I think uncomfortable for corporations, and that's why you're seeing them fight back."[1]

Sources: Garbett, P. (2016, July 12). The fastest-growing cause for shareholders is sustainability. *Harvard Business Review*.

Interfaith Center on Corporate Responsibility. (2018–2019). *Catalyzing corporate change: 2018–2019 annual report*. https://www.iccr.org/sites/default/files/2019-18_annual_report_-revised.pdf

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Note

1. DePillis, L. (2019, January 31). *Shareholder activism is on the rise, but companies are fighting back*. CNN.

Measure Social Performance

When it comes to organizational citizenship, "you get what you measure."[42] As we noted in Chapter 9, organizational members engage in those activities, in this case citizenship initiatives, that are measured and rewarded. The same is true of organizations as a whole. Companies recognized for their CSR activities or sustainability practices try to maintain those accolades. Survey results also reveal whether organizations are reaching their goals and lay the groundwork for improvement. These data are critical not only to members but also to stakeholder groups, such as socially conscious customers and investors, who use this information when making buying and investment choices.

Financial statements don't provide an accurate (total) picture of an organization's performance because they ignore the group's social impact and environmental performance. Proponents of CSR and sustainability argue that corporations need to be judged by a *triple bottom line*.[43] In addition to providing traditional financial data, companies should supply information on how well they are meeting their three social and environmental responsibilities: profit, people, and planet. The triple bottom line is measured in a variety of ways. A number of companies sponsor self-audits. Starbucks' annual "Global Responsibility Report" is one example. This document addresses such topics as ethical sourcing, environmental impact, energy and water conservation, recycling, and community service. Self-audits are particularly prone to abuse, however. Firms may use them as public relations tools, limiting the analysis to just a few areas of strength or reporting only favorable findings. To be credible, such audits need to be complete and should be conducted and certified by an outside group, such as an accounting firm.

Standardized audits are gaining in popularity. Social Accountability 8000 is designed to measure labor practices at overseas suppliers. A

firm must meet measurable, verifiable performance standards in nine areas to be certified. These standards forbid child labor, forced labor, coercion, discrimination, unlimited overtime, and substandard wages.[44] The Global Reporting Initiative, which has been adopted by such organizations as Merck, the U.S. Postal Service, Ferrari, and Target, is another popular measure.[45] This instrument examines three sets of performance indicators. Economic indicators look at an organization's direct and indirect impacts on stakeholders and on local, national, and global economic systems. These include such elements as wages, pensions and benefits, payments to suppliers, taxes, and subsidies received. Environmental indicators reveal an organization's impacts on natural systems. They cover energy, material and water use, greenhouse gases and waste generation, hazardous materials, recycling, pollution, and fines and penalties for environmental violations. Social indicators concern an organization's influence on social systems and cluster around labor practices (diversity, health, and safety), human rights (child labor, for example), and other social issues (bribery and corruption, community relations).

Social or responsibility auditing is a "standard practice," according to accounting firm KPMG, which regularly surveys CSR reporting.[46] Most of the largest 250 firms it surveyed provide such information, with the highest reporting rates in the Americas. Nonetheless, social measurement is plagued with a number of problems.[47] Standardized social performance instruments aren't as universally accepted as financial audits. There are questions about who is qualified to conduct social audits, what they should cover, how data should be collected, who should have access to the results, and how to draw comparisons between organizations. Determining social and environmental impact is more difficult than determining profits and losses. According to KPMG, only two-thirds of the largest companies have human rights policies, and less than a third address the financial risk of climate change. Firms face growing pressure to demonstrate how their activities are making a significant difference,

as in helping achieve the UN Sustainable Development Goals for 2030 described in Ethical Checkpoint 11.3. The accounting firm says that the best corporate reporting practices include the following:

Stakeholder engagement. Identify stakeholders, how the company engages with stakeholders, and how the company has responded to their feedback.

Materiality. Demonstrate an ongoing process to identify the social/environmental issues that have the greatest potential impact on a firm and its stakeholders.

Risk, opportunity, and strategy. Include a careful assessment of the CSR risks and opportunities faced by the business and what it is doing to respond to these factors.

Targets and indicators. Use measurable targets and indicators (and specify time frames) to measure progress and report on performance.

Transparency and balance. Provide information on challenges as well as achievements.

Suppliers and the value chain. Explain the social and environmental impacts of the firm's suppliers, products, and services.

Corporate responsibility governance. Spell out who is responsible for CSR and how CSR performance is linked to pay.

Outside groups often conduct their own audits of an organization's social performance. To make the *Forbes* list of the companies with the best CSR reputations, consumers must rate firms highly on such items as " is a good corporate citizen—it supports good causes and

protects the environment"; " is a responsibly run company—it behaves ethically and is open and transparent in its business dealings"; and " is an appealing place to work—it treats its employees well." (The LEGO Group, Natura, Microsoft, Google, and Disney took the top five spots in 2019.)[48]

Socially conscious mutual funds and other institutional investors rely on the Dow Jones Sustainability Index (DJSI) and other, similar indices when deciding whether or not companies meet their investment criteria. The DJSI evaluates companies in various regions and industries according to such factors as corporate governance, climate change mitigation, labor practices, and risk management; evaluators reject firms that don't operate in an ethical, responsible manner. Charities are also subject to external evaluation. Charity Navigator rates the performance of nonprofits based on these categories: (1) program expenses, (2) administration expenses, (3) fund-raising expenses, (4) fund-raising efficiency (the percentage of the budget spent on raising money), (5) primary revenue growth (the ability to sustain income over time), (6) program expenses growth (the ability to expand programs), (7) working capital (the ability to survive a short downturn in revenue), (8) liabilities-to-assets ratio (long-term financial sustainability), (9) accountability (willingness to explain actions to the public), and (10) transparency (willingness to share critical data with outsiders).[49]

Ethical Checkpoint 11.3

United Nations Sustainable Development Goals for 2030

Goal 1. End poverty in all its forms everywhere.

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Goal 3. Ensure healthy lives and promote well-being for all at all ages.

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5. Achieve gender equality and empower all women and girls.

Goal 6. Achieve access to water and sanitation for all.

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Goal 10. Reduce inequality within and among countries.

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 12. Ensure sustainable consumption and production patterns.

Goal 13. Take urgent action to combat climate change and its impacts.

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

Source: Transforming our world: The 2030 Agenda for Sustainable Development (2015). United Nations. Retrieved from https://www.unfpa.org/resources/transforming-our-world-2030-agenda-sustainable-development

Chapter Takeaways

- In today's society, organizations are expected to act as citizens who promote the welfare of society.
- Determining your organization's stage of citizenship development can help you identify challenges and set objectives. Elementary organizations, which are at the lowest stage of development, don't understand corporate citizenship. Engaged organizations adopt social responsibility policies. Innovative organizations develop creative ways to improve and measure social performance. Integrated organizations incorporate citizenship into every operation. Transformative companies make citizenship central to their missions and reputations.
- Your organization has a moral obligation to respond to stakeholders—groups affected by its policies and operations. Engage in dialogue with supporters and critics alike. Track the progress of moral issues that might impact your organization. Develop strategies for addressing those trends with the highest probability and magnitude.
- Sustainability is doing business in a way that preserves the natural environment while creating long-lasting economic and social value. Sustainability is a standard that demands constant improvement, but sustainability efforts can reduce costs, build better relationships with stakeholders, enhance the corporate reputation, and foster employee engagement.

- Corporate social responsibility (CSR) describes a corporation's efforts to better society. These activities can be classified (1) according to levels of responsibility (economic, legal, ethical, philanthropic), (2) according to CSR strategies, and (3) according to areas of impact (human resources; community, cultural, societal, philanthropic; environmental protection, waste reduction, and sustainability; product, consumer, and service contributions and protections).

- In corporate activism or corporate social advocacy, CEOs take positions on sociopolitical issues not related to their businesses. They do so in response to employee and societal pressure and personal moral conviction. However, firms taking social stances run the risk of alienating some consumers and other stakeholder groups.

- Organizational citizenship rests largely on a commitment to stewardship. As an employee or manager, seek to meet the interests of the organization, followers, and external groups rather than your own needs. Seek to build covenantal relationships based on mutual commitments and shared values.

- Act as a citizenship catalyst/social entrepreneur by working inside the organization to improve social performance. Demonstrate the value of citizenship through small wins; introduce social innovations focused on product, people, practices, and public. Integrate citizenship concerns into your daily practices. Join with others both inside and outside the organization to address social issues.

- Focus attention on organizational citizenship by auditing social and environmental performance in addition to

financial performance—the triple bottom line. You can create your own audit or use a standardized one.

Application Projects

1. Pair off with a classmate and discuss your ratings on Self-Assessment 11.1. Where does your organization score highest and lowest as an organizational citizen? Why? What could it do to improve? As an alternative, discuss your scores on Self-Assessment 11.2. What accounts for ratings on each dimension and your total stewardship climate rating?
2. In a group, identify the important stakeholders of your college or university. What ethical responsibilities does your institution have to each group? How can it better engage with stakeholders?
3. Brainstorm three or four ethical issues that could pose a challenge to your college or university or to your employer. Track each issue's stage of development. Determine how your school or employer should respond to each issue.
4. Create a list of sustainability practices you can adopt as an individual both at work (or school) and at home.
5. Evaluate the sustainability efforts of your college or university. How well does your institution live up to the Ceres Principles found in Ethical Checkpoint 11.2? Write up your findings.
6. As a class, debate or discuss the following propositions:

   Business should stick to business.

   The risks of taking positions on controversial political/social issues outweigh the benefits.

   Most companies that engage in CSR do so primarily to improve their public image.

Corporate social audits can't be trusted.

There should be stricter standards for submitting social shareholder resolutions.

7. What can you do to help your organization become a better corporate citizen as a citizen catalyst/social intrapreneur? Outline a strategy.
8. Compare and contrast two corporate social audit reports available online. What do you learn from examining these materials?
9. Create a case study based on an organization that you identify as a leading citizen. What is its stage of corporate citizenship development? How is its citizenship reflected in its stakeholder focus, sustainability efforts, and corporate social responsibility activities? How does it report on its social and environmental performance? How is it rated by external agencies, and why?

Case Study 11.1: A New Kind of Capitalism

In a move that surprised many observers, two of the world's most influential business organizations recently declared that corporations exist to serve the needs of stakeholders, not to make money for stockholders. Since 1978, the Business Roundtable, made up of CEOs from the largest American companies, has periodically issued statements endorsing shareholder primacy, the belief that the purpose of business is to serve investors. However, in 2019, 200 Roundtable executives signed a statement superseding prior declarations. They redefined the role of business as meeting the needs of *all* stakeholders, not just stockholders.

Like the Roundtable CEOs, global business leaders making up the World Economic Forum (WEF), which holds an annual conference in Davos, Switzerland, also endorsed *stakeholder capitalism*. The Davos Manifesto 2020 begins by noting, "the purpose of a company is to engage all its stakeholders in shared and sustained value creation," serving not only shareholders but employees, customers, suppliers, local communities, and society as well. The document then goes on to define how businesses should create value for each group[1]:

> *A company provides for customers* by meeting their needs; supporting fair competition; zero tolerance for corruption; maintaining a reliable digital ecosystem; making consumers aware of the functions and dangers of products.

A company treats its people with dignity and respect by honoring diversity, improving working conditions and employee well-being, and through ongoing upskilling and reskilling.

A company considers its suppliers as true partners in value creation through offering a fair chance to new market entrants and integrating respect for human rights throughout the supply chain.

A company serves society at large through its activities, supports the communities in which it works, and pays its fair share of taxes. It ensures the ethical and efficient use of data; acts as a steward of the environment for future generations; protects the biosphere; and improves well-being through the growth of knowledge, innovation and technology.

A company provides its shareholders with a return that recognizes risk and the need to continuously innovate. Shareholder returns are sustainable, not sacrificing the future for the present.

A company is more than an economic unit generating wealth. It fulfills human and societal aspirations while functioning as part of the larger social system. Performance is measured based not only on return to shareholders, but on reaching environmental, social and good governance objectives.

A company acts itself as a stakeholder, along with governments and civil society, in our global future. Global citizenship requires a company to work

collaboratively with other companies and stakeholders to improve the state of the world.

Business leaders at the Roundtable and the WEF appear to be responding to growing pressure on business to act more responsibly. Harvard Business School historian Nancy Koehn notes, "They're responding to something in the zeitgeist. They perceive that business as usual is no longer acceptable."[2] Executives may also be reacting to attacks on capitalism, which has been blamed for focusing on short-term profits at the expense of employees, sustainability, and the environment; exorbitant executive pay; and growing income inequality.

Both Democratic and Republican senators have pushed the SEC to discourage companies from maximizing shareholder value. According to Senator Marco Rubio, "Many business leaders seem to care more about returns for shareholders than the people who work for them."[3] Presidential candidates also argued that capitalism needs fixing. Bernie Sanders complained that "greedy corporate CEOs" were rigging the tax code, undermining competition, and hurting their workers and communities. Elizabeth Warren unveiled a plan for raising taxes on the wealthiest Americans. A survey revealed that more Americans aged 18–29 prefer socialism to capitalism, probably because they are being left behind in the current economy. More than half of young adults hold a second job because their salaries don't cover basic necessities. They are much less likely than previous generations to earn more than their parents.

Skeptics are waiting to see if members of the Roundtable and WEF back their commitment to stakeholder capitalism with concrete action. They point to how some signatories responded to the COVID-19 response. Arne Sorenson, CEO of

Marriott International, laid off thousands of workers even as the company continued to pay dividends to shareholders. The company's board proposed that CEO Sorenson receive a 7.7% raise and a large cash bonus. Critics wonder: Will they lobby Congress to raise the minimum wage, invest in affordable housing, voluntarily pay more tax, do more to protect the environment, and so on?

One prominent doubter is Anand Giridharadas. In his book *Winners Take All*, Giridharadas argues that global elites appear committed to making the world a better place. Yet, their efforts are often "a charade." They forget that they are often the source of many of the problems, like inequality, they want to solve. They are unwilling to sacrifice any of their wealth for the common good or to change the status quo (such as the current tax code), which benefits them. According to Giridharadas, the Roundtable's statement of business purpose will be another charade unless the group immediately lives out its principles through legislative action: "It should tomorrow throw its weight behind legislative proposals that would put the teeth of the law into these boardroom platitudes."[4]

Discussion Probes

1. Are you surprised that prominent corporate leaders are now saying that business should primarily serve stakeholders, not stockholders?
2. If you are a young adult, do you think you will earn more than your parents? What economic obstacles do you face?
3. What's your attitude toward capitalism? Do you prefer socialism?
4. Does stakeholder capitalism adequately address the weakness of shareholder capitalism? Why or why not?
5. Do you think the business leaders will back their statements with action? Why or why not?

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Case Study 11.2: Drowning in Plastic

Plastic is a "wonder material." Cheap, strong, and durable, it is used to make everything from toothbrushes, cups, toys, and water bottles to packaging and car parts. More than 8 billion metric tons of plastic have been produced since it was first developed in the 1950s.

Unfortunately, plastic is as harmful as it is useful. Plastic debris is found everywhere on Earth, including the Arctic, Antarctica, and Mount Everest. (Only 9% of current plastics are recycled or incinerated.) Not only does plastic create a massive litter problem on land; it also finds its way into the world's oceans. According to one estimate, by 2050 the mass of ocean plastic will exceed the mass of all ocean fish. Huge garbage patches swirl around in the middle of the Pacific Ocean. Marine creatures often mistake plastic for food. Ninety percent of sea birds and 50% of turtles have plastic in their guts and stomachs. Consuming plastics leads to malnutrition, slow poisoning from chemical leaching, and intestinal blockage. In addition, when eaten, larger plastic pieces break into smaller fragments. These smaller pieces are then consumed by humans eating seafood. They are also eaten by microscopic zooplankton, threatening the foundation of all marine life. To top it all off, most plastics last forever, which means that they will outlast humanity.

Driven by growing recognition of the dangers of plastics, a number of nations, states, and cities have taken steps to ban single-use plastics like grocery bags, straws, plates, cups, and eating utensils. At last count, 27 countries had such bans, with Kenya going so far as to threaten penalties of up to four years in jail for breaking its prohibition. (Even a Somali terrorist group banned single-use plastic bags in the areas it

controls.) California, New York, Oregon, Boston, and Chicago are among the states and cities that ban plastic bags and plastic straws. Soon 22% of the country's population will live under bag bans.

Banning single-use plastics reduces the number of items that contribute to litter and pollution. People in cities with bag bans produced 40 million fewer pounds of plastic trash per year. (Worldwide, shoppers use 500 billion single-use bags annually, 150 for every person on Earth.) On the other hand, those who use grocery bags for trash disposal and picking up dog litter often turn to plastic garbage bags instead, which are much thicker and take more plastic to manufacture. Others use paper bags, which could be worse for the environment since they require cutting down and processing trees, thus contributing to greenhouse gases. And cloth bags might not be better. A U.K. government study found that a shopper would have to use a cotton tote 131 times before it was better for the environment than a plastic grocery bag.

Plastic bans pose a threat to manufacturers who employ close to a million people in the United States, making it the country's eighth-largest industry. Gas and oil producers are also looking to supply new plastic petrochemical plants to make up for the reduced demand for petroleum products. The American Recyclable Plastic Bag Alliance (formerly known as the American Progressive Bag Alliance), made up of plastic manufacturers, lobbies against plastic bag bans and fees for using bags while complaining about the patchwork system of bans currently in place. The group supports plastic recycling programs instead. According to Bag the Ban, an antibag initiative, "Misguided bans and taxes on plastic bags could weigh down the economy, increase costs for consumers and small business, and leave a larger footprint on the environment than alternatives."[1] So far the plastics industry has been able to prevent the federal government from

enacting a nationwide ban similar to that adopted by the European Union.

Clothing may next be the battlefield in the war on plastic. Sixty percent of our clothing is made up of polyester, nylon, acrylic, and other synthetic fibers made of plastic. The hundreds of thousands of fibers released in the average wash cycle are too small to be screened by sewage treatment systems and are discharged into rivers and the ocean. (These tiny plastic shards also fall off when we walk around.) Some fibers are recycled into our drinking water and into the foods we eat. The average person consumes 5,800 synthetic particles every year, with unknown health effects.

Buying clothing made of natural fibers is one possible solution to fiber pollution. However, synthetic clothing is more affordable for less affluent consumers, and organic cotton and wool clothes require huge amounts of water to produce. Other options include designing fabrics that shed less, creating washing machine and sewage treatment fiber filters, and washing less.

Discussion Probes

1. Do you limit your use of single-use plastics? If so, what steps have you taken? Why have you done so?
2. Does your city or state ban plastic bags, straws, or other single-use plastics? Do you support the ban? Will you support such a ban if one isn't in place? Why or why not?
3. How effective are bans on plastic straws and bags?
4. Is the plastics industry doing enough to respond to the environmental damage caused by its products? What, if any, additional steps should it take?
5. How should the clothing industry respond to the problem of fiber pollution? What might happen if it ignores this issue?

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Case Study 11.3: Dick's Sporting Goods Takes a Stand

Ed Stack, longtime CEO of Dick's Sporting Goods, the nation's largest athletic retailer, is an unlikely gun control advocate. Stack is a lifelong gun owner, hunter, and Republican donor. As a teenager, he worked for his father assembling and selling firearms in the original Dick's location in Binghamton, New York. Guns have always been an important product category for the company.

Stack took his initial step toward limiting company gun sales after the events of September 11, 2001. In the aftermath of the attacks, his wife, who knew nothing about firearms, vowed to drive to the nearest Dick's to buy a gun. Concerned that others might show up to buy guns in order to shoot their neighbors of Arab descent, Ed ordered that all guns and ammunition be taken off the shelves for a few days. In 2012, following the shootings at Sandy Hook Elementary School in Newtown, Connecticut, the company acted again, this time to remove "assault-style" or "modern sporting rifles (MSRs)" from the shelves. This type of weapon was used by the Sandy Hook killer and other mass shooters. Stack determined that continuing to sell MSRs, which seemed designed for mass killing, would be seen as giving them Dick's seal of approval. The company pulled the assault-style weapons nationwide and removed all guns from display in the stores nearest to Newtown. However, MSRs remained in the company's Field & Stream stores, which were more hunting and outdoors oriented. Gun advocates accused the company of caving to the left and hating America and the Constitution.

CEO Stack took his most dramatic stance following the Parkland, Florida, high school massacre in 2018. The gunman had legally purchased a shotgun from Dick's a few weeks before the shooting, though he used another weapon. (A day later, a Vermont teen was arrested for planning a school attack using a gun purchased from Dick's.) The leadership team decided to remove assault-type weapons and high-capacity magazines in all of its stores and to no longer sell firearms to anyone under age 21. Stack went a step beyond other CEOs not only by stating an opinion and taking corporate action, but also by laying out a set of specific steps for the government to take. These included banning all assault weapons, raising the minimum age for gun purchases to 21, requiring universal background checks containing mental-health data and previous interactions with the law, creating a database of all prohibited buyers, and closing the private sale and gun show loophole, which allows purchases without background checks.

By offering specific proposals, Stack may have set a higher standard for other CEOs who take social stances. According to Duke professor Aaron Chatterji, the public is beginning to expect more than a tweet or vague statement from corporate activists. They want specific details about what CEOs are doing. "That specificity is going to raise the bar for future CEO activists. People are going to ask the follow-up questions."[1]

Dick's financial analysts predicted that the company's stance would cost it $300 million or more; earnings, along with the stock price, dropped immediately after the announcement. The firm also destroyed $5 million worth of MSRs that were in stock. In a *Washington Post* opinion piece, Stack declared that the company was willing to take a financial hit based on principle. "This issue transcends our company's bottom line," he said. "We suspected that speaking out would have a

negative impact on our business. But this was about our values and standing up for what we think is right."[2]

The company's stock price and sales have since rebounded. The move also encouraged the retailer to deemphasize its hunting business, which has low margins and only generates significant sales in certain regions. Company officials have removed firearms in some locations, filling the space with other merchandise. Walmart, L.L.Bean, and Kroger (Fred Meyer) joined Dick's in adding gun sale restrictions.

Not surprisingly, gun supporters were furious with Dick's for its gun stance. A few employees quit in response. Some took to the internet to send nasty tweets and email posts. For example:

"This is FA[S]CISM … You stupid puppets who can't think [for] yourself will be the downfall of America as we know it."

"Any hunters, target shooters or sportsmen should cease doing business with this rathole, Dick's."

"I will never buy from you again."

"As expected, the gun-hating maggots ooze forth from the cesspools of their ignorant fascist lives."

Instead of intimating Stack, this blowback had "an invigorating effect" on the CEO. Stack describes himself as a "street fighter" willing to take on anyone. He is proud of being a tough competitor in the "sport" of retail. The company, like its leader, is motivated by a fight, driving competitors Sports Authority and Galyan's out of business. So, when he started receiving scathing tweets, Ed declared,

"It got my adrenaline pumping. "It pissed me off … I was ready for a street fight."[3]

Discussion Probes

1. What's been your experience with Dick's Sporting Goods? Do you shop there? Are you more or less likely to shop there based on its gun reform stance?
2. Do you support Stack's decision to pull assault-style rifles and to limit large-capacity ammunition?
3. Is it unfair to raise the limit on ammunition and gun sales to 21 when some states allow sales to those 18 and older? When military personnel under 21 carry arms?
4. Does Stack's self-description as a "street fighter" make it easier for him to take an unpopular stance?
5. Do you think that future CEO activists will have to outline specific action steps like Stack did?

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3. Ibid., p. 284.

CHAPTER 12 ETHICS IN A GLOBAL SOCIETY

Learning Objectives

- Identify the ethical dangers of globalization.
- Develop strategies for addressing ethnocentrism, prejudice, and stereotypes.
- Explain what it means to be a world citizen.
- Analyze cultures using the four value systems.
- Illustrate how cultural value dimensions influence ethical decision making.
- Determine the components of a common global morality.
- Resolve a cross-cultural ethical conflict.

Chapter Preview

The Dangers of Globalization and the Challenges of Ethical Diversity

Developing Cross-Cultural Ethical Competence

- Coming to Grips With Perceptual Biases
- Becoming a World Citizen
- Understanding Ethical Diversity
- Finding Moral Common Ground
- Resolving Cross-Cultural Ethical Conflicts

Chapter Takeaways

Application Projects

Globalization is having a dramatic impact on life in the 21st century. We inhabit a global society knit together by free trade, international travel, immigration, satellite communication systems, and the internet. In this interconnected world, ethical responsibilities extend beyond national boundaries. Decisions about raw materials, manufacturing, outsourcing, farm subsidies, investments, marketing strategies, suppliers, safety standards, and energy use made in one country have ramifications for residents of other parts of the world. Organizational citizenship is now played out on a global stage. Businesses, in particular, are being urged to take on a larger role in solving the world's social problems.

To act as ethical global citizens, organizations must confront and master the dangers of globalization and the dilemmas of ethical diversity. In the first section of the chapter, I'll describe these obstacles. In the second section, I'll offer tactics for overcoming these challenges.

THE DANGERS OF GLOBALIZATION AND THE CHALLENGES OF ETHICAL DIVERSITY

The benefits of living in a global economy are obvious: lower labor costs, higher sales and profits, cheaper goods and services, instant communication to anywhere on Earth, increased information flow, and cross-cultural contact. What's often hidden is the downside of globalization. Of particular concern is the growing divide between the haves and the have-nots. According to the World Inequality Report, the wealth gap is increasing almost everywhere in the world, growing fastest in Russia, India, and China. Sub-Saharan Africa, Brazil, India, and the Middle East are the most unequal regions, and South Africa is the world's most unequal country. Just 0.8% of the world's population controls 44.8% of the world's wealth.[1] Governments of wealthy nations appear more interested in promoting the sale of their goods, including agricultural products, than in opening up their markets to poor countries. Lumber, minerals, and oil are extracted from poor regions and consumed in privileged areas, leaving environmental damage behind.[2] The pain of globalization isn't limited to developing economies, however. Millions in industrialized nations have seen their jobs disappear in "the race toward the bottom." Companies chase the lowest labor costs by outsourcing jobs to China, the Philippines, Bangladesh, and Vietnam. Job losses helped fuel renewed nationalism in the United States ("Make America Great Again") and Great Britain, which elected to leave the European Union.

Critics note that global capitalism frequently promotes greed rather than concern for others. Ethical and spiritual values have been shunted aside in favor of the profit motive. Few industrialized countries give even the suggested minimum of 0.7% of gross national product (70 cents of every $100 produced by the economy) to alleviate global poverty. The United States ranked dead last in the

percentage and quality of giving to global development among the world's wealthiest nations. Sweden, Denmark, Germany, and Finland ranked highest.[3] Local cultural traditions are being destroyed in the name of economic progress or being exploited by more powerful groups (see Contemporary Issues in Organizational Ethics 12.1.) As burgers, fries, pizza, and other popular American foods replace local fare, people around the world can expect to suffer the same kinds of chronic health problems as U.S. residents do—type 2 diabetes, obesity, and heart failure. (Case Study 12.1 describes a group that has decided to avoid cross-cultural contact altogether.)

The big winners in globalization are multinational corporations. According to the latest available estimate, 69 of the world's 100 largest economies are corporations. The combined revenue of the top 10 companies is greater than the revenue of the 180 poorest nations combined.[4] Some multinationals have pursued free trade at the cost of human rights and the environment. They have employed sweatshop and slave labor, stood by as repressive regimes tortured their citizens, and plundered local resources.

Along with the potential moral pitfalls of globalization, organizations face the challenges of ethical diversity.[5] Nations, tribes, ethnic groups, and religions approach moral dilemmas differently. What members of one group accept as right may raise serious ethical concerns for another. For example, in Germany, contracts are highly detailed and strictly enforced. In Egypt, contracts spell out guidelines for business deals rather than specific requirements. Egyptians expect to renegotiate and revise contracts, and there is no moral stigma attached to violating a signed agreement. In Mexico, honoring a contract is based on the signer's personal ethics. There is little legal recourse if a contract is violated.

Bribery offers another instance of conflicting moral standards. In South American countries, it is nearly impossible to move goods through customs without making small payments to cut through red

tape. At the other extreme, Malaysia executes corporate officials who offer and accept bribes. U.S. corporations and foreign firms listed on a U.S. stock exchange are prevented from exchanging money or goods for favors or services under the Foreign Corrupt Practices Act of 1977. However, in recognition of the fact that petty bribery is common in some parts of the world, small payments to facilitate travel and business are permitted under the statute. Cultures also clash over intellectual property rights (which are strictly enforced in the West but not protected in parts of Southeast Asia) and deception (Americans lie to protect their privacy, whereas Mexicans are more likely to lie to protect the group or family).

The challenges posed by globalization and ethical diversity can undermine ethical decision making. For some organizations, it is business as usual. Interested only in making a profit or expanding their influence, they fail to weigh the possible negative consequences of their choices in the global environment. Leaders faced with ethical diversity sometimes behave as ethical imperialists by imposing their personal moral standards or those of their own country on members of other cultures. Or they may opt for cultural relativism by always following local customs ("When in Rome, do as the Romans do"). Nevertheless, being in a new culture or working with a diverse group of followers doesn't excuse managers from careful ethical deliberation. Standards from one culture can't be blindly forced upon another; conversely, just because a culture has adopted a practice doesn't make it right. For example, trafficking in humans takes place in some parts of the world, but most societies condemn this practice.

Fortunately, you can develop your cross-cultural ethical competence and help your organizations to do the same. To achieve this goal, you must first wrestle with perceptual biases and consider becoming a world citizen. Next, you have to recognize the value orientations of cultural groups and how these patterns influence ethical decision making. Then, you need to adopt universal moral principles that should govern behavior in every cultural setting and employ

guidelines for sorting through conflicts between competing ethical norms.

Contemporary Issues in Organizational Ethics 12.1: Cultural Appropriation: When Does Borrowing Become Exploitation?

The term *cultural appropriation* describes the unauthorized use of ideas, dress, medicine, food, music, symbols, and other elements taken from another culture. Recently, accusations of cultural appropriation have been levied against

- the novel *American Dirt*, based on the experience of Mexican immigrants fleeing to the United States to avoid violence. Mexican American writers and critics called the book "trauma porn" that exploits the suffering of Mexicans. They identified a number of inaccuracies and accused author Jeanine Cummins of being opportunistic, repackaging the migrant experience to sell to a largely white publishing industry;
- Kim Kardashian West for introducing a line of "shapewear" or "solution wear" labeled Kimono (Kardashian earlier came under criticism for wearing a *maang tikka*, a traditional Indian wedding head adornment);
- Utah teen Keziah Daum, who wore a traditional Chinese dress to prom; and
- British food celebrity Gordon Ramsay for starting a London restaurant featuring East Asian cuisine without East Asian chefs.

Cultural appropriation as exploitation has its origins in colonialism. Rich white nations would steal or appropriate the artworks and other cultural elements of oppressed peoples to assert domination and/or to eradicate the local culture. Cultural appropriation often benefits the borrower at the expense of the culture of origin. For example, white entertainers made millions from performing in a "Black" music style at the same time African American vocalists faced segregation and discrimination. Mexican American authors wonder why they can't get the same seven-figure advance as Cummins to tell their experiences. Then, too, use of some cultural symbols like blackface and Native American headdresses reinforce demeaning stereotypes. Nonetheless, cultures have always borrowed from one another. According to columnist Cathy Young:

> Peoples have borrowed, adopted, taken, infiltrated and reinvented from time immemorial. The medieval Japanese absorbed major elements of Chinese and Korean civilizations while the cultural practice of modern-day Japan includes such Western borrowings as a secularized and reinvented Christmas. Russian culture with its Slavic roots is also the product of Greek, Nordic, Tatar and Mongol influences—and the rapid Westernization of the elites in the 18th century. America is the ultimate blended culture.[1]

Since cultures constantly take from one another, the question then becomes this: When does borrowing become unauthorized stealing or exploitation? Making this determination is not always easy. Kardashian veered into exploitation, prompting a new hashtag #KimOhNo, started by a woman who wears a kimono every day. "I do not wish to

share the word with an underwear brand," she said. However, Utah prom goer Daum claimed to be showing appreciation for Chinese culture by wearing the dress she found in a vintage shop. One Hong Kong cultural commentator agreed, noting "it's ridiculous to criticize this as cultural appropriation. From the perspective of a Chinese person, if a foreign person wears a qipao [traditional dress] and thinks she looks pretty, then why shouldn't she wear it?"[2] Author Cummins, who has a Puerto Rican grandmother, denies being exploitive. She spent four years researching *American Dirt*, much of that time in Mexico and along the border. Cummins hoped to put a human face on immigrants who are often treated as a faceless mass of people.

Arguments over what constitutes cultural appropriation will continue around such questions as these: Should some elements of culture, like sacred symbols, be off-limits to those of other cultures? Is someone from one culture automatically disqualified from writing about, speaking about, or otherwise communicating about the experiences of another culture? How can we share cultural symbols in a way that benefits the originating culture while giving proper credit? Can members of one ethnic group wear the clothing and styles of another group? Can they sell the food of another culture?

Notes

1. Young, C. (2015, August 21). To the new culture cops, everything is appropriation. *The Washington Post*.

2. Murray, R. (2018, May 4). Teen who wore traditional Chinese dress to prom sparks fury on social media. *USA Today*.

Sources

What the controversy over "American Dirt" tells us about publishing and authorship. (2020, January 27). NPR.

Wheeler, A. (2020, January 22). American Dirt: Why critics are calling Oprah's book club pick exploitative and divisive. *The Guardian*.

Sources: Arewa (n.d.); Avins (2015); Friedersdorf (2017); Malik (2017).

DEVELOPING CROSS-CULTURAL ETHICAL COMPETENCE

Coming to Grips With Perceptual Biases

Overcoming the challenges of globalization and ethical diversity is impossible if we fall victim to ethnocentrism. *Ethnocentrism* is viewing the world from our cultural group's point of view, which makes our customs and values the standard by which the rest of the world is judged. Our ways are "right," while their ways fall short. A certain degree of ethnocentrism is probably inevitable; it can help a group band together and survive in the face of outside threats. Nevertheless, high levels of ethnocentrism can lead to reduced contact with outsiders, insensitivity to strangers, pressure on other groups to conform, justification for violence and war, and other negative outcomes.[6] (Measure your level of ethnocentrism by completing Self-Assessment 12.1.)

Ethnocentrism often fosters prejudice and stereotyping, which produce discriminatory behavior.[7] *Prejudice* is a negative attitude toward a group or group members. For instance, some Americans called COVID-19 a "Chinese" or "Wuhan" virus and attacked Chinese and Chinese Americans living in the United States. *Stereotypes* represent the traits we associate with social groups and their members. Stereotypes are unfair because they don't accurately describe every member of the group. Worst yet, negative stereotypes do significant damage. Consider Mexican American stereotypes, for example, which categorize Mexicans in the United States as illegal immigrants, gang members, lazy, and parasites who take advantage of government benefits. Such stereotypes encourage harsh immigration policies, deny Mexican Americans educational opportunities, relegate them to low-paying jobs, and so on. In one

12-month period, 38% of Latinos said they had experienced one of the following: being called offensive names, being told to go back to their home country, being criticized for speaking Spanish in public, or experiencing unfair treatment because they are Hispanic.[8]

A number of the ethical communication competencies introduced earlier in the text can be used to confront ethnocentrism, prejudice, and stereotyping. Pursue dialogue in cross-cultural conversations by treating members of other cultures as equal partners and by trying to understand their points of view. Mindfulness is particularly important in diverse cultural settings because the scripts we follow in our own groups don't work when we find ourselves in other cultures.[9] Adopt a pluralistic perspective that acknowledges the legitimacy of other groups and customs in order to avoid moral exclusion. (See the next section for more information on an ethical approach that greatly expands the circle of moral inclusion.)

Personal virtues can help undermine perceptual biases and, at the same time, lay the groundwork for meeting the challenges of globalization and ethical diversity. Philosopher and theologian Michael Novak identified four cardinal or hinge virtues essential to encouraging global cooperation: cultural humility, truth, dignity, and solidarity.[10] Cultural humility means acknowledging the shortcomings of our own cultures as well as our personal biases. A commitment to truth allows for reasoned argument based on evidence and logic. Recognition of human dignity forbids using others as a means to an end. Solidarity is being aware that each individual lives in communion with others and has responsibility for their welfare.

Self-Assessment 12.1: Ethnocentrism Scale

Instructions

The following are items that relate to cultures of different parts of the world. Work quickly and record your first reaction to each item. There are no right or wrong answers. Please indicate the degree to which you agree or disagree with each item using the following five-point scale: 1 = *Strongly disagree*; 2 = *Disagree*; 3 = *Neutral*; 4 = *Agree*; 5 = *Strongly agree*.

1. Most other cultures are backward compared to my culture.	1	2	3	4	5
2. My culture should be a role model for other cultures.	1	2	3	4	5
3. People from other cultures act strange when they come to my culture.	1	2	3	4	5
4. Lifestyles in other cultures are just as valid as those in my culture.	1	2	3	4	5

5. Other cultures should try to be more like my culture.	1	2	3	4	5
6. I am not interested in the values and customs of other cultures.	1	2	3	4	5
7. People in my culture could learn a lot from people in other cultures.	1	2	3	4	5
8. Most people from other cultures just don't know what's good for them.	1	2	3	4	5
9. I respect the values and customs of other cultures.	1	2	3	4	5
10. Other cultures are smart to look up to our culture.	1	2	3	4	5
11. Most people would be happier if they lived like people in my culture.	1	2	3	4	5
12. I have many friends from different cultures.	1	2	3	4	5
13. People in my culture have just about the best lifestyles of anywhere.	1	2	3	4	5

14. Lifestyles in other cultures are not as valid as those in my culture.	1	2	3	4	5
15. I am very interested in the values and customs of other cultures.	1	2	3	4	5
16. I apply my values when judging people who are different.	1	2	3	4	5
17. I see people who are similar to me as virtuous.	1	2	3	4	5
18. I do not cooperate with people who are different.	1	2	3	4	5
19. Most people in my culture just don't know what is good for them.	1	2	3	4	5
20. I do not trust people who are different.	1	2	3	4	5
21. I dislike interacting with people from different cultures.	1	2	3	4	5
22. I have little respect for the values and customs of other cultures.	1	2	3	4	5

Scoring

Reverse the scoring for questions 4, 7, and 9 with the following format:

1 = 5, 2 = 4, 3 = 3, 4 = 2, 5 = 1

Drop questions 3, 6, 12, 15, 16, 17, and 19.

After recoding the previous questions, add all of the responses to the remaining 15 items together to get your composite ethnocentrism score. Higher scores indicate higher ethnocentrism. Scores above 55 reflect a high degree of ethnocentrism.

Source: Neuliep, J. (2012). Intercultural Communication. Thousand Oaks, CA: SAGE. Ued by permission.

Becoming a World Citizen

A number of scholars argue that *cosmopolitanism* is the best way to meet the ethical challenges of globalization while avoiding ethnocentrism. Since we live in a global society, they argue, we should consider ourselves citizens of the world (cosmopolitans) rather than of one particular nation-state. This approach acts as an "ethics of strangers" in a world where we increasingly interact with those outside our cultural group.[11]

Cosmopolitanism has a long history in Western philosophy, stretching back to the ancient Greek Stoic philosophers who believed that our responsibilities extend to strangers as well as to acquaintances. Immanuel Kant proposed the creation of an international legal authority to regulate relations between nations. He encouraged hospitality toward foreigners.[12] Modern cosmopolitans take a humanistic approach to globalization based on the fundamental premise that every human being has dignity and value, regardless of their location, status, or background. They have a strong sense of global justice and work to ensure human rights. Their sense of care or empathy for the needs of others extends well beyond their immediate group to helping the "distant needy"—the less privileged who are often found in the world's developing nations. Cosmopolitans believe that they have a moral obligation or duty to act on that concern by providing assistance to others around the world. In particular, cosmopolitans argue that affluent businesses and nations are responsible to give to less fortunate people and nations.[13] Some other values and norms underlying ethical cosmopolitanism include the following[14]:

1. Limitations on patriotism and the sovereignty of countries
2. Opposition to nationalism
3. Commitment to aid those suffering from natural or human-made disaster, which includes extreme poverty

4. Liberalization of immigration and refugee policies
5. Quest for lasting world peace
6. Prosecution of crimes against humanity
7. Submission to the rule of international law
8. Religious and cultural tolerance
9. Dialogue and communication across cultural and national boundaries
10. Viewing the world as a single polity and community

Acting as a global citizen takes certain attitudes and skills, what British political and social theorist William Smith calls cosmopolitan "worldliness."[15] Worldliness means, first off, being self-reflexive. To be self-reflexive, we need to step back from (create distance from) our relationships and culture in order to offer criticism and reform. Next, worldliness involves compassion for the world's people and working to create institutions and laws that will protect the less fortunate. Worldliness does not mean feeling pity for others, however, but means having a sense of solidarity with them. Third, worldly individuals have the necessary skills to bring about change through setting strategy, persuading others, working with governments and nonprofits to promote global initiatives, and so forth.

Being totally cosmopolitan may be impossible given the fact that, as we noted earlier, humans naturally band together in local groups. And you might take issue with some of the tenets of cosmopolitanism, such as its rejection of patriotism and promotion of a world government. Nevertheless, cosmopolitans offer an attractive normative framework for living ethically in a global society. They encourage us to be altruistic, becoming compassionate citizens of the world who keep the dignity of all human beings in mind. We do need to be able to step back from, and then critique, our cultural norms and values. If we fail to distance ourselves, we blindly follow our cultural programming no matter how unethical our culture's practices.

Understanding Ethical Diversity

Ethical decisions and practices are shaped by widely held cultural values. Every culture has its own set of ethical priorities; however, researchers have discovered that ethnic groups and nations hold values in common. As a result, cultures can be grouped according to their value orientations. Understanding these orientations helps explain ethical differences and enables us to better predict how members of other societies will respond to moral dilemmas. Four widely used cultural classification systems include Hofstede's programmed value patterns, the GLOBE studies, universal values dilemmas, and moral foundations theory.

1. Programmed Value Patterns

Geert Hofstede of the Netherlands argues that important values are "programmed" into members of every culture. To uncover these value dimensions, he conducted the first extensive international investigation of cultural value patterns, surveying more than 100,000 IBM employees in 50 countries and three multicountry regions.[16] He then checked his findings against those of other researchers who studied the same countries. The following four value orientations emerged:

Power distance. The first category concerns how societies deal with human inequality. While status and power differences are universal, cultures treat them differently. In high–power distance cultures (Malaysia, Guatemala), inequality is accepted as part of the natural order. Leaders are set apart and enjoy special privileges and make no attempt to reduce power differentials. Low–power distance cultures (Israel, Austria), on the other hand, are uneasy

with large gaps in wealth, power, privilege, and status. Superiors tend to downplay status and power differentials, and such societies stress equal rights.

Individualism versus collectivism. This category divides cultures according to their preference for either the individual or the group. Individualist cultures (the United States, Australia, Great Britain) put the needs and goals of individuals and their immediate family first. Members of these cultures see themselves as independent actors and believe that everyone should take care of themselves and their nuclear family. In contrast, collectivist cultures give top priority to the desires of the larger group—extended family, tribe, community. Members of these societies (Guatemala, Ecuador, Panama) think in terms of "we," not "I." They want to fit into the collective, not stand out.

Masculinity versus femininity. The third dimension reflects attitudes toward the roles of men and women. Highly masculine cultures (Japan, Austria, Saudi Arabia) maintain clearly defined sex roles. Men are expected to be tough and focus on performance; women are to be tender and focus on relationships. Men should be ambitious and assertive, while women are expected to care for the weak. Feminine cultures (Sweden, Norway, Netherlands) blur the differences between the sexes. Both men and women can be competitive and caring, assertive and nurturing. These cultures are more likely to stress cooperation, quality of life, and concern for others.

Uncertainty avoidance. This dimension describes the way in which cultures respond to uncertainty about the future. Members of high–uncertainty avoidance societies (Greece, Portugal, Uruguay) feel anxious about uncertainty and view it as a threat. They are less likely to break the rules; they value loyalty to the company, accept directives from those

in authority, and view outsiders and change as threats. In addition, they are reluctant to switch jobs or to express dissatisfaction with their current employers. People who live in low–uncertainty avoidance cultures (Sweden, Denmark, Jamaica) are more comfortable with uncertainty, viewing ambiguity as a fact of life. They experience lower stress and are more likely to pursue their ambitions by, for example, starting a new company or accepting a new job in another part of the country. These people tend to trust their own judgments instead of obeying authority figures. As a result, they are more likely to break rules and regulations.

Hofstede argues that the value patterns he identifies have a significant influence on ethical behavior.[17] For instance, countries characterized by masculinity, high power distance, and high uncertainty avoidance are generally more corrupt. Masculine European countries give little to international development programs but invest heavily in weapons. Feminine European nations do just the opposite. High–uncertainty avoidance cultures are prone to ethnocentrism and prejudice because they follow the credo "What is different is dangerous." Low–uncertainty avoidance cultures follow the credo "What is different is curious" and are more tolerant of strangers and new ideas.

Other researchers have also linked Hofstede's initial value patterns to ethical attitudes and behavior.[18] They have discovered that members of feminine cultures are more sensitive to the presence of moral issues. Those living in collectivist/high–power distance/strong uncertainty avoidance cultures are less likely to report corrupt behavior. Consumers from cultures characterized by low power distance and low masculinity are less tolerant of questionable marketing tactics. Corporate governance is better in individualist societies as compared to masculine, high-uncertainty societies. Accounting organizations from high-individualism/high–uncertainty avoidance cultures are less likely to adopt global codes of ethics

because they don't want to submit to the authority of outside, international organizations. Individualist countries prefer universal ethical standards such as Kant's categorical imperative. Collectivist societies take a more utilitarian approach, seeking to generate the greatest good for in-group members.

Individualist and collectivist societies have different communication patterns, which also shape the ethical behavior of citizens.[19] Individualists use low-context communication in which most of the information in the message is embedded in the message itself. In nations like Germany and Switzerland, communicators directly express their thoughts and feelings as clearly as possible and rely heavily on carefully crafted written messages like contracts. To them, conflict should be faced head-on. Collectivists engage in high-context communication where most of the information is contained in the situation or context where the message is delivered. Speakers in Japan and other high-context cultures communicate indirectly, rarely expressing direct disagreement, for instance. They are more interested in maintaining harmony in the group than in expressing their true thoughts and feelings and often avoid direct confrontation. As a consequence, followers are much less likely to confront unethical superiors or coworkers or to blow the whistle on corporate misbehavior.[20] They are more willing to sacrifice the truth to save "face" and to protect their group.

Additional examples of how individualism and collectivism affect ethical decisions are presented in Table 12.1.

2. Project GLOBE

The goal of Project GLOBE (Global Leadership and Organizational Behavior Effectiveness) is to identify the relationship between cultural values and effective leadership behaviors. To date, 200 researchers from around the world have gathered data from more

than 17,000 managers in 62 countries. This information can help managers become more successful in cross-cultural settings. The GLOBE researchers incorporate into their study Hofstede's dimensions of power distance, uncertainty avoidance, gender differentiation (masculinity and femininity), and individualism versus collectivism. However, they also extend Hofstede's list by identifying four additional values patterns[21]:

Performance orientation. This is the "extent to which a community encourages and rewards innovation, high standards, and performance improvement."[22] Places such as Hong Kong, Singapore, and the United States are results focused. Citizens value competition and materialism and want to be rewarded for individual achievement. In countries such as Russia, Italy, and Argentina, people put loyalty and belonging ahead of performance. They are uncomfortable with competition and merit pay and put more weight on individuals' seniority, family, and background than on their performance.

Future orientation. This is the extent to which a society fosters and reinforces such future-oriented activities as planning and investing (Singapore, Switzerland, the Netherlands) rather than immediate rewards (Russia, Argentina, Poland).

Assertiveness. Assertiveness is defined as the extent to which a culture encourages individuals to be tough, confrontational, and competitive, as opposed to modest and tender. Spain and the United States rate high on this dimension; Sweden and New Zealand rate low. Those in highly assertive societies have a take-charge, can-do attitude and value competition. They admire the strong and assertive and are not particularly sympathetic to the weak and less fortunate. Members of less assertive cultures place

more value on empathy, loyalty, and solidarity. They have empathy for the weak and want to live in harmony with the environment rather than control it.

Humane orientation. Humane orientation refers to the extent to which a culture encourages and honors people for being altruistic, caring, kind, fair, and generous. Support for the weak and vulnerable is particularly high in such countries as Malaysia, Ireland, and the Philippines. Members of society care for one another and rely much less on the government. In contrast, power and material possessions are more likely to motivate people in the former West Germany, Spain, and France; self-enhancement takes precedence. Individuals are to solve their own problems, and the state provides more support for the less fortunate.

Table 12.1 Individualist and Collectivist Responses to Common Ethical Issues

Issue	**Individualist**	**Collectivist**
Bribery	Seen as a form of corruption	A way to meet community obligations; more common
False information	Lie to protect privacy	Lie to protect the group or family
Expressing disagreement	Direct	Indirect; save face

Issue	Individualist	Collectivist
Intellectual property	Protected by copyright laws	Knowledge is to be shared
Gender equality	Promote equal opportunity	Women seen as an out-group; need to protect status quo
Nepotism	Hire based on qualifications	Hire based on connections (family and friends)
Privacy	Right to privacy	Public interests take priority over privacy
Wealth	Wealth distributed more equally	Large differences in wealth
Human rights	High human rights ratings	Low human rights ratings
Laws	The same for all	Vary according to tradition and status

Source: Carroll, S. J., & Gannon, M. J. (1997). *Ethical dimensions of international management*. Thousand Oaks, CA: SAGE

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The GLOBE values dimensions have also been linked to ethical diversity. People oriented toward the future save and invest. They will condemn those who live in the moment and spend all they earn. Future-oriented organizations are also more likely to engage in practices that benefit society. Competition, direct communication, power, and personal advancement are applauded in assertive, performance-oriented, less humane groups. These elements are undesirable to people who put more value on harmony, cooperation, family, and concern for others. Those living in assertive, performance-oriented cultures are tempted to engage in unethical activities in order to succeed. The businesses they create are more likely to be focused on shareholders, profits, and results instead of on stakeholders and social responsibility, including care for the environment. Countries high in uncertainty avoidance and future orientation are more likely to protect intellectual property than cultures high in humane orientation and in-group collectivism. Job applicants in societies marked by high power distance, in-group collectivism, masculinity, and humane orientation are more likely to embellish and distort answers in employment interviews.[23]

3. Universal Dilemmas

Cross-cultural experts Fons Trompenaars and Charles Hampden-Turner are convinced that humans the world over face the same set of values choices they call universal dilemmas. Cultures differ in how they respond to these dilemmas, which accounts for cultural diversity. Trompenaars and Hampden-Turner identify the following six dimensions of cultural diversity based on their surveys of 50,000 managers from over 40 countries.[24]

Universalism (focus on rules, codes, laws, and generalizations across situations) or *particularism* (focus on exceptions, special circumstances, and unique relations between individuals and groups). Universalist societies: Norway, Switzerland, Finland, Austria. Particularist societies: Yugoslavia, South Korea, Russia, Nepal.

Individualism (emphasis on personal freedom, human rights, and competitiveness) or *communitarianism* (emphasis on social responsibility, harmonious relationships, and cooperation). Individualist societies: Czech Republic, Canada, United States, Denmark. Communitarian societies: Egypt, Nepal, Mexico, India.

Specificity (reality is viewed through an atomistic, reductive, objective lens) or *diffusion* (reality is viewed through a holistic, elaborative, relational lens). Specific societies: United States, United Kingdom, Netherlands, Australia. Diffuse societies: Venezuela, Japan, South Korea, Philippines.

Achieved status (social standing is based on what you've done—your track record) or *ascribed status* (social standing is based on who you are, your potential, and your connection to others). Achieved status societies: United States, Canada, Great Britain, Australia. Ascribed status societies: South Korea, Japan, France, Singapore.

Inner direction (virtue is found within; in conscience, will, core beliefs, and principles) or *outer direction* (virtue comes from outside through natural rhythms, beauty, nature, and relationships). Inner-directed societies: Canada, United States, Germany, Australia. Outer-directed societies: China, Indonesia, Singapore, Japan.

Sequential time (time is viewed as a race along a set course) or *synchronous time* (time is seen as involving ongoing coordination). Sequential time societies: Turkey, India, United States, Brazil. Synchronous time societies: Israel, South Korea, Sweden, China.

Trompenaars and Hampden-Turner urge us to view the ends of each dimension as part of the same circle, not as opposites. That's because we need elements of both no matter what culture we live in. For example, completing a project like a major term paper takes both specificity (breaking the paper into parts and researching subtopics) and diffusion (developing an overall structure for the paper that puts the sections in a logical order). Each end of the continuum has its strengths, but focusing on one value to the exclusion of the other not only reduces an organization's chances of success but also encourages unethical behavior. For example:

Universalist cultures strive to treat everyone equally and welcome diversity. However, universalists are tempted to treat people as objects. Particularist cultures highlight the uniqueness of individuals and relationships but are often hostile to human rights and engage in favoritism and moral exclusion.

Individualism promotes dissent and individual freedom but, at the same time, encourages greed and overconsumption. Communitarianism promotes cooperation and leaves a legacy for future generations. Taken too far, though, communitarianism leads to collusion and can undermine attempts at self-improvement.

Achieved status promotes excellence and persistence but can lead to a "winner-take-all" society. Ascribed status fosters trust and encourages those of high status to give

back to the community but inhibits personal achievement and can produce dictatorships.

Inner directness fosters courage and moral identity. Yet inner directedness also produces driven individuals. Inner-directed cultures like the United States too often honor "tough," inner-directed bosses who do it their way without concern for others. Outer directedness fosters care for the environment and recognition of others. Nevertheless, outward focus can lead to pessimism and a willingness to give in and go along with immoral behavior.

Since there are ethical dangers at both extremes, Trompenaars and Hampden-Turner urge us to strive for reconciliation, integrating elements of each value perspective.[25] They use the example of a California oil company to illustrate this process. The firm (operating in a culture that honors achieved status) employed ascribed status to improve safety. Managers wanted unionized truck drivers to drive more carefully and to report "unsafe acts," near accidents, or unsafe conditions that could lead to accidents. Such a procedure greatly reduces the chances of mishaps as steps are taken to eliminate the danger. And safety was a major concern given that each company truck carried enough gasoline to incinerate cars 300 yards away as well as entire neighborhoods. However, teamster truck drivers, who viewed themselves as macho "Cowboys," resisted the safety push, refusing to "snitch" on their union colleagues. Management decided to help the drivers redefine themselves as "Knights of the Road" who provide a public service to the community. Instead of using their CB radios to warn other truckers about speed traps, they were encouraged to warn other drivers of rockslides, ice, and other road hazards. Drivers also pointed out poorly designed entrance ramps and areas prone to black ice. Once a year, they made a presentation to California highway officials about how to improve hazardous highways. In the first 12 months of the program, accidents were cut in half, and fleet insurance rates dropped.

4. Moral Foundations Theory

Hofstede, the GLOBE researchers, and Trompenaars and Hampden-Turner treat ethical diversity as just one of the outcomes of cultural diversity. In contrast, moral foundations theory was developed specifically to account for the ethical differences between cultures. Moral psychologist Jonathan Haidt and others believe that to understand ethical diversity we first need to understand the psychological systems or foundations of morality. These mental foundations, which are part of our genetic makeup, enable humans to successfully live together in groups. Cultures shape how these systems are used, emphasizing one or more values over the others. Haidt compares these moral systems to taste buds. Nearly everyone is born with the same set of taste receptors, but each culture develops its own cuisine, which highlights different tastes.

Haidt identifies five foundations for our moral intuitions.[26] They include the following:

Harm/care. All species are sensitive to suffering in their own offspring, but for primates and humans, sensitivity to suffering extends beyond the family. We can also feel compassion for outsiders. Attuned to cruelty and harm, we generally approve of those who prevent or alleviate suffering. Kindness and compassion are therefore important human virtues. However, the other moral foundations described as follows temper the amount of compassion that individuals in different cultures display.

Fairness/reciprocity. Reciprocity—paying back others—is essential for the formation of alliances between individuals who are not related to each other. As a result, all cultures have virtues related to justice and fairness. Individual rights and equality are highly prized in the West. However, many

traditional societies put little value on personal autonomy or equal treatment.

In-group/loyalty. Trust and cooperation have been critical to human survival. Individuals need to work effectively with others in their group while being wary of outsiders. As a result, they value those who sacrifice on behalf of the in-group while despising members who don't come to their aid in times of conflict. They are disturbed when fellow citizens challenge symbols of group unity, like the pledge of allegiance to the national flag.

Authority/respect. Hierarchy is fact of life in primate as well as human groups. Dominant individuals get special perks but are expected to provide services (e.g., protection, food) in return. Primates rely on brute strength to assert their authority; people use such factors as prestige and deference. Followers in many cultures feel respect, awe, and admiration for leaders and expect them to act like wise parents. Many of these same societies make virtues out of duty, obedience, respect, and other subordinate behaviors.

Purity/sanctity. Only humans appear to feel disgust, which helps to protect the body against the transmission of disease through corpses, feces, vomit, and other possible contaminants. Disgust has a social dimension as well, becoming associated with those who are diseased or deformed or with certain occupations, like gravediggers and those who dispose of excrement. Members of most cultural groups admire those who are spiritually minded or pure and disapprove of individuals who seem to be ruled by lust, gluttony, greed, and uncontrolled anger.

The five moral foundations divide into two major categories. Harm/care and fairness/reciprocity are *individualizing* foundations

because they protect individuals and their rights. In-group/loyalty, authority/respect, and purity/sanctity are *binding* foundations because they protect the group or community through group solidarity, self-sacrifice, and respect for authority.[27] Differences between political philosophies in the United States demonstrate how these contrasting moral foundations shape ethical attitudes. In general, liberals put a higher value on the individualizing foundations while conservatives are more concerned with foundations that bind the group together. As a result, liberals are more likely than conservatives to support reproductive rights, same-sex marriage, and stem cell research; oppose torture, the death penalty, and testing on animals; hold more positive attitudes toward the poor; and want to protect immigrants and the environment.

WEIRD societies, those that are Western, educated, industrialized, rich, and democratic, largely focus on reducing harm and promoting autonomy. But that is not the case in much of the rest of the world. In Brazil, morality is based on loyalty, family, respect, and purity in addition to care. Confucian and Hindu value systems emphasize authority and stability. Muslim societies place a high priority on purity, which is reflected in the segregation of men and women and separation from infidels. Haidt urges us to keep all five moral systems in mind when dealing with diverse groups. Purity and authority may not be important to us, but they are to a great proportion of the world's population. Our ethical appeals will be most effective if they speak to loyalty, authority, and purity in addition to care and fairness. (Complete Self-Assessment 12.2 to determine which moral intuitions are most important to you.)

Self-Assessment 12.2: Moral Foundations Questionnaire

Part I. Moral Relevance

When you decide whether something is right or wrong, to what extent are the following considerations relevant to your thinking? Please rate each statement using this scale: 0 = *Not at all relevant*; 1 = *Not very relevant*; 2 = *Slightly relevant*; 3 = *Somewhat relevant*; 4 = *Very relevant*; 5 = *Extremely relevant*.

1. Whether or not someone suffered emotionally.	0	1	2	3	4	5
2. Whether or not someone cared for someone weak or vulnerable.	0	1	2	3	4	5
3. Whether or not some people were treated differently than others.	0	1	2	3	4	5
4. Whether or not someone acted unfairly.	0	1	2	3	4	5

5. Whether or not someone's action showed love for the country.	0	1	2	3	4	5
6. Whether or not someone did something to betray the group.	0	1	2	3	4	5
7. Whether or not someone showed a lack of respect for authority.	0	1	2	3	4	5
8. Whether or not someone conformed to the traditions of society.	0	1	2	3	4	5
9. Whether or not someone violated standards of purity and decency.	0	1	2	3	4	5
10. Whether or not someone did something disgusting.	0	1	2	3	4	5

Part II. Moral Judgments

Please read the following sentences and indicate your agreement or disagreement using this scale: 0 = *Strongly disagree*; 1 = *Moderately disagree*; 2 = *Slightly disagree*; 3 = *Slightly agree*; 4 = *Moderately agree*; 5 = *Strongly agree*.

11. Compassion for those who are suffering is the most crucial virtue.	0	1	2	3	4	5
12. One of the worst things a person could do is hurt a defenseless animal.	0	1	2	3	4	5
13. When the government makes laws, the number-one principle should be ensuring that everyone is treated fairly.	0	1	2	3	4	5
14. Justice is the most important requirement for a society.	0	1	2	3	4	5
15. I am proud of my country's history.	0	1	2	3	4	5
16. People should be loyal to their family members, even when they have done something wrong.	0	1	2	3	4	5

17. Respect for authority is something all children need to learn.	0	1	2	3	4	5
18. Men and women each have different roles to play in society.	0	1	2	3	4	5
19. People should not do things that are disgusting, even if no one is harmed.	0	1	2	3	4	5
20. I would call some acts wrong on the grounds that they are unnatural.	0	1	2	3	4	5

Scoring

Add up the scores on each moral foundation (range 0–20). The higher the score, the more important that foundation is to you.

Harm/care: Items 1, 2, 11, 12 _____

Fairness/reciprocity: Items 3, 4, 13, 14 _____

In-group/loyalty: Items 5, 6, 15, 16 _____

Authority/respect: Items 7, 8, 17, 18 _____

Purity/sanctity: Items 9, 10, 19, 20 _____

Source: Graham, J., Nosek, B. A., Haidt, J., Iyer, R., Koleva, S., & Ditto, P. H. (2011). Mapping the moral domain. *Journal of Personality and Social Psychology,* 101, 366–385. Used by permission.

Finding Moral Common Ground

Some organizations and their members respond to ethical diversity by practicing ethical relativism, which is conformity to local customs. Ethical relativism avoids the problem of ethnocentrism while simplifying the decision-making process. We never have to pass judgment and can concentrate on fitting in with the prevailing culture. However, this approach is fraught with difficulties. Without shared standards, there is little hope that people of the world can come together to tackle global problems. There is no basis on which to condemn the actions of governments, such as in Yemen and Syria, that indiscriminately kill civilians or to criticize businesses that exploit their employees and the environment. Cultural relativism obligates us to follow (or at least not to protest against) abhorrent local practices like female genital mutilation. Without universal rights and wrongs, we have no grounds for contesting such practices.

There appears to be a growing consensus that ethical common ground can be found. In fact, the existence of common moral standards has enabled the world community to punish crimes against humanity in Germany, Serbia, and Rwanda. Responsible multinational corporations like Starbucks, The Body Shop, and Procter & Gamble adhere to widely held moral principles as they do business in a variety of cultural settings. Activist groups use these same guidelines to condemn irresponsible firms.

I'll describe three different approaches to universal ethics, any one of which could serve as a worldwide standard. You'll note a number of similarities between the lists. Decide for yourself which approach or combination of approaches best captures the foundational values of humankind. (See Application Project 6 at the end of the chapter.)

The United Nations Universal Declaration of Human Rights

Human rights are granted to individuals based solely on their status as persons. Such rights protect the inherent dignity of every individual regardless of background. Rights violations are unethical because they deny human value and potential.[28]

The most influential list of basic human rights was adopted by the United Nations immediately following World War II, a conflict fought in large part to protect human freedoms. Among the key rights spelled out in the universal declaration are the following[29]:

Article 4. No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 5. No one shall be subjected to torture or to cruel, inhuman, or degrading treatment or punishment.

Article 9. No one shall be subjected to arbitrary arrest, detention, or exile.

Article 13. Everyone has the right to freedom of movement and residence.

Article 17. Everyone has the right to own property alone as well as in association with others.

Article 19. Everyone has the right to freedom of thought, conscience, and religion.

Article 25. Everyone has the right to a standard of living adequate for the health and well-being of [themselves] and

of [their] family, including food, clothing, housing and medical care and necessary social services.

Article 26. Everyone has the right to education.

In 2000, the United Nations launched a program called the Global Compact (GC) to encourage multinational corporations to honor human rights, labor rights, and the environment. Members agree to the principles outlined in Ethical Checkpoint 12.1 and specify how they are complying with these guidelines. Nonprofit watchdog groups meet regularly with corporate representatives to talk about their firms' performance. Membership in the GC has grown rapidly. It is now the largest voluntary corporate citizen group in the world.

Ethical Checkpoint 12.1

United Nations Global Compact: The Ten Principles

Human Rights

Principle 1: Businesses should support and respect the protection of international human rights within their sphere of influence; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

> *Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery.

Source: United Nations Global Compact: The ten principles. Retrieved from https://www.unglobalcompact.org/what-is-gc/mission/principles

The Caux Principles

The Caux Round Table is made up of corporate executives from the United States, Japan, and Europe who meet every year in Caux, Switzerland. Round Table members believe that businesses should improve economic, social, and environmental conditions and hope to set a world standard by which to judge business behavior. Their principles are based on twin ethical ideals. The first is the Japanese concept of *kyosei*, which refers to living and working together for the common good. The second is the Western notion of human dignity, the sacredness and value of each person as an end rather than as a means to someone else's end.[30] The Caux Principles for Responsible Business, perhaps because they were written by corporate executives from around the world, have gained widespread support. Business schools in Latin America, Asia, Europe, and the United States have endorsed them, and a number of international firms have used them as a guide when developing their own mission statements and ethics codes.

Principle 1. Respect stakeholders beyond shareholders. Businesses should have goals that extend beyond economic

survival. Corporations have a responsibility to improve the lives of everyone they come in contact with, starting with employees, customers, shareholders, and suppliers, and then reaching out to local, national, regional, and global communities.

Principle 2. Contribute to economic, social, and environmental development. Companies operating in foreign countries should not only create jobs and wealth but also foster human rights, better education, and social welfare. Multinational corporations have an obligation to enrich the world community through the wise use of resources, fair competition, and innovation.

Principle 3. Build trust by going beyond the letter of the law. Businesses ought to promote honesty, transparency, integrity, and keeping promises. These behaviors make it easier to conduct international business and to support a global economy.

Principle 4. Respect rules and conventions. Leaders of international firms must respect both international and local laws in order to reduce trade wars, to ensure fair competition, and to promote the free flow of goods and services. They also need to recognize that some behaviors may be legal but still have damaging consequences.

Principle 5. Support responsible globalization. Firms should support international trading systems and agreements and eliminate domestic measures that undermine free trade.

Principle 6. Respect the environment. Corporations ought to protect and, if possible, improve the physical environment through sustainable development and by cutting back on the wasteful use of natural resources.

> *Principle 7. Avoid illicit activities.* Global business managers must ensure that their organizations aren't involved in such forbidden activities as bribery, money laundering, supporting terrorism, and drug and arms trafficking.[31]

After spelling out general principles, the Caux accord applies them to important stakeholder groups. Corporations following these standards seek to (1) treat customers and employees with dignity, (2) honor the trust of owners and investors, (3) create relationships with suppliers based on mutual respect, (4) interact fairly with competitors, and (5) work for reform and human rights in host communities. The Caux Round Table has also developed principles for moral governments and nongovernmental organizations (NGOs). Governments hold power in trust for society and should protect the well-being of all citizens, guaranteeing security and dispensing impartial justice. Integrity is the fundamental principle for NGOs, which must serve the common good while remaining true to their mission. NGO staff members should not abuse the public trust or use their positions for personal gain. Grounded in integrity, NGOs need to retain their independence, respect international and local laws, take care to be truthful when advocating positions, and be accountable by regularly reporting on their activities and finances.[32]

Oath for Global Executives

The Global Business Oath is a voluntary set of promises designed to guide individual managers as they operate across borders. Those who take the oath pledge to follow its principles even if they move to other companies around the world, much as doctors follow the Hippocratic Oath regardless of the hospital or clinic where they practice. The idea for the Global Business Oath originated at the Thunderbird School of Global Management in Canada, was revised by the Forum of Young Global Leaders, and is championed by the

nonprofit Oath Project. According to the Oath Project website, taking the pledge "represents a personal commitment to lead with purpose, act with integrity, and understand the reach, power, and responsibility of business." Supporters hope to improve how global business is done one manager at a time. Harvard MBA students and business leaders attending the World Economic Forum are among those who have signed the following statement.[33]

As a business leader I recognize my role in society.

My purpose is to lead people and manage resources to create value that no single individual can create alone.

My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.

Therefore, I promise that:

I will manage with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.

I will understand and uphold, in both letter and spirit, the laws and contracts governing my conduct and that of my enterprise.

I will refrain from corruption, unfair competition, or business practices harmful to society.

I will respect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.

I will respect the right of future generations to advance their standard of living and enjoy a healthy planet.

I will report the performance and risks of my enterprise accurately and honestly.

I will invest in developing myself and others, helping the management profession continue to advance and create sustainable and inclusive prosperity.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers and to society for my actions and for upholding these standards.

This oath I make freely and upon my honor.

Signed _____

Source: The Oath Project. Retrieved from http://www.theoathproject.org. Used by permission.

Resolving Cross-Cultural Ethical Conflicts

So far, we've established that (1) there are significant differences between cultures in how they respond to ethical issues, and (2) there are universal moral principles that apply across cultural boundaries. Reconciling these two facts when making ethical decisions is not easy. How do we respect ethical diversity while remaining true to global moral principles, for instance? What do we do when two competing ethical perspectives appear to be equally valid? What set of standards should have top priority—those of the host nation or those of the international organization? Business ethicists Thomas Donaldson and Thomas Dunfee developed the integrated social contracts theory (ISCT) to help us answer questions like these.[34] (Analyze Case Study 12.2 and the scenarios found in Case Study 12.3 using the models in this section along with the universal moral principles described in the previous section.)

ISCT is based on the notion of social contracts, which are agreements that spell out the obligations or duties of institutions, communities, and societies. The model is integrative because it incorporates two kinds of contracts. The first kind of contract (*macrosocial*) sets the groundwork or standards for social interaction. Examples of ideal contracts include the requirement that governments respect the rights of people and help the poor. The second type of contract (*microsocial*) governs the relationships between members of particular communities—nations, regions, towns, professions, industries. These contracts are revealed by the norms of the group. Community contracts are considered authentic or binding if (1) members of the group have a voice in the creation of the norms, (2) members can exit the group if they disagree with prevailing norms, and (3) the norms are widely recognized and practiced by group members.

According to ISCT, universal principles (called *hypernorms*) act as the ultimate ethical standard in making choices. There are three such moral absolutes: respect for human dignity, respect for basic rights, and good citizenship that supports and improves the institutions that underlie community. Communities have a great deal of latitude, or *moral free space*, to create their own rules, however, as long as these local norms do not conflict with hypernorms. Victim compensation provides one example of norms arising out of moral free space. In Japan, where the victim compensation system is unreliable, airline officials go in person to offer compensation to victims' families after an accident. In the United States, where the compensation system is more reliable, payments are determined through court decisions.

Dunfee and Donaldson offer a number of guidelines for determining which norms should take priority. Three of these rules of thumb are particularly important. One, determine if the local practice is authentic (widely shared) and legitimate (in harmony with hypernorms). If it's not, it should be rejected. Second, follow the legitimate local customs of the host community whenever possible. To return to our earlier compensation example, a U.S. airline official stationed in Japan should distribute compensation directly to crash victims' families instead of relying on the Japanese court system. Third, give more weight to norms generated by larger communities. A norm embraced by a nation as a whole, for instance, should generally take precedence over the norm of a region. The U.S. government followed this guideline in overturning laws promoting racial discrimination in the South. A similar argument can be made for choosing the norm of gender equality—which has broad international acceptance—over the norms of a particular nation that discriminate against women. (Ethics Checkpoint 12.2 illustrates how multinational companies can honor both hypernorms and local customs in their codes of ethics.)

Ethical Checkpoint 12.2

A Code of Conduct for Global Labor Rights

Global business ethics expert Lawrence Beer believes that multinational corporations should balance universal ethical principles with respect for local norms in their codes of conduct. To demonstrate how this can be done, Beer offers a code of conduct for global labor rights. The code begins by outlining *moral absolutes*. Absolutes (Beer's term for hypernorms) are business practices that can't be violated regardless of where the firm operates. His five basic absolutes or tenets of global labor rights are these:

1. *No use of slavery or forced or coerced labor, or holding people against their will, shall be tolerated*. All employees shall have freedom of movement both in their workplaces and where they live. Employers cannot retain documents (e.g., passports and visas) to prevent employees moving around the country. Employment contracts cannot be used to hold individuals against their will. Application: Under this provision, multinationals like BMW, Samsung, Sony, and Volkswagen would refuse to contract with Chinese factories using Muslim Uighurs as slave labor. Those with operations in the Middle East would avoid contractors who hold the passports and visas of migrant workers and refuse to release them from their employment contracts.
2. *No worker shall be prohibited, interfered with, or prevented from meeting with fellow workers and labor organizers during nonworking hours*. Participation in unions or labor associations shall not be punished by

reprimand, reduction in wages and benefits, or fewer opportunities for overtime and promotion. Application: Guided by this absolute, clothing companies should insist that their garment suppliers in Bangladesh stop attacks on union organizers and sympathizers.

3. *No worker shall be exposed to dangerous work conditions without prior knowledge and written agreement.* Use of force or coercion to secure such agreement will render any written statement null and void. A dangerous work condition is one that violates the standards of the host country and the firm's home country. If these criteria conflict, the most stringent regulations—those providing the most protection—will apply. Application: Obeying this absolute would force chocolate makers to pay more attention to working conditions in West Africa, where farmers and child laborers are exposed to hazardous pesticides, dust, and smoke; use dangerous tools like machetes; and labor long hours under the hot sun.
4. *No worker may be subject to physical or mental abuse of any kind*. No employee can be touched except for moving the person out of immediate danger. No verbal threats or berating of workers is tolerated. Disciplinary warnings or other warnings must be justified and put in writing. (If a worker can't read, another employee shall read the statement and provide an explanation.) Application: Sex discrimination in any company location —home or host country—would be banned by this tenet.
5. *No worker shall be subject to excessive, exhaustive work hours that threaten physical and mental well-being*. A maximum daily workday shall consist of no more than 10 hours, 2 being overtime. Overtime compensation shall be at one-and-one-half times regular pay. Total weekly work hours shall never exceed 60 hours over a six-day period. Application: Following this standard likely would have reduced the number of suicides among Foxconn

employees in China. They complained of working excessive hours for weeks at a time without overtime pay.

After outlining moral absolutes, Beer introduces *moral relatives* that should be included in the global code. While absolutes are dictated by the home office and must always be followed, moral relatives operate in moral free space, conforming to the conditions in the host country, and can change. When it comes to labor rights, such moral relatives include

worker pay scales;

opportunities for women and people of color;

environmental standards; and

hiring and firing practices, vacations, and work breaks.

Source: Beer, L. A. (2015). *A strategic and tactical approach to global business ethics* (2nd ed.). Business Expert Press.

University of Louisiana professors J. Brooke Hamilton, Stephen B. Knouse, and Vanessa Hill offer an alternative strategy for resolving cross-cultural ethical conflicts, one specifically designed for use in multinational enterprises.[35] They provide six questions (the HKH model) to guide managers in determining whether to follow the values of their firms or to adopt the practices of the host country instead. Decision makers don't have to completely answer one question before moving on to the next. Instead, they can move ahead, returning to reconsider earlier questions as needed in order to clarify the final course of action.

What is the questionable practice (QP) in this situation? The first question identifies the nature of the problem, which may or may not have an ethical component. To qualify as an ethical conflict, the norms and values of the host country and the business must clash. A firm then has to determine whether to comply with local customs or to follow its own standards, which may mean leaving the host country.

1. *Does the QP violate any laws that are enforced?* Managers need to determine if the contested practice violates the laws of either their home country or the country where they are doing business. For example, as noted earlier, the Foreign Corrupt Practices Act prevents U.S. firms from offering bribes anywhere in the world. Chinese law requires that internet companies support government censorship.
2. *Is the QP simply a cultural difference, or is it also a potential ethics problem?* A QP qualifies as an ethical issue if it seems to cause harm or violates widely accepted ethical principles like justice or human rights. For example, offering small gifts to show respect is standard business procedure in much of Asia. Gift giving doesn't become an ethical issue unless significant sums are offered to bribe recipients at the expense of other parties.
3. *Does the QP violate the firm's core values or code of conduct, an industry-wide or international code to which the firm subscribes, or a firmly established hypernorm?* The answer to this question may differ based on whether a company is interested only in complying with the law or is also interested in living up to its values. For a compliance-only company, an action is ethical as long as it is legal. Managers are interested only in avoiding punishment or harm to the company. Corporations seeking both to comply with the law and to live out their values (compliance/integrity firms) follow a higher standard. They recognize that the law doesn't condemn all forms of unethical behavior, and at the same time they empower their employees to base their decisions on core values. For instance, workers at

Motorola are encouraged to follow the firm's guidelines, called "Uncompromising Integrity and Constant Respect for People." Organizational decision makers can also base their choices on the widely accepted moral standards described earlier in the chapter.

4. *Does the firm have leverage (something of value to offer) in the host country that allows the firm to follow its own practices rather than the QP?* Companies with leverage have greater freedom to follow their own standards or to adapt their practices in a way that doesn't violate their central principles. Leverage comes from contributing to the local economy, offering jobs, supplying currency that can be used for international trade, providing training, purchasing local goods and services, transferring technology to the regional economy, and having an ethical reputation. McDonald's used its leverage to operate in Moscow without engaging in bribery and other forms of corruption endemic to the Russian economy. Of course, compliance-only companies don't have to worry about using leverage, since they automatically follow local regulations.
5. *Will market practices in the host country improve if the firm follows its own practices rather than the QP in the host country marketplace?* This question should be considered only after determining the amount of leverage held by the firm. If the company has significant leverage, it has a responsibility to try to change prevailing practices by refusing to engage in the questionable practice. Improving the way business is done (by not offering bribes, for example) may encourage local firms to follow suit, and local residents will benefit as a result.

A third approach to resolving cross-cultural ethical conflicts draws upon the principles of conflict management we discussed Chapter 6. Gonzaga professors Paul Buller, John Kohls, and Kenneth Anderson argue that we ought to respond to these ethical dilemmas like we would any other conflict situation.[36] We can employ one of six strategies: (1) avoiding (ignoring the conflict), (2) forcing (imposing

our ethical views), (3) education (learning other points of view and converting others to our point of view), (4) negotiation (both sides giving in to reach a settlement), (5) accommodation (giving in to the other party), and (6) collaboration (developing a win-win outcome).

Deciding which strategy to use depends on moral significance, power, and urgency. Moral significance reflects the importance of the values at stake. An occasional violation of overtime guidelines at an overseas contractor would not be significant while ongoing violations would generate a great deal of concern. Power reflects the ability to impose values or to insist on concessions. Executives at large multinational firms have more power to set standards than their colleagues at smaller firms and nonprofits, for instance. (See our earlier discussion of leverage.) Urgency describes the need for immediate action. Buller, Kohls, and Anderson offer the following guidelines for strategy selection based on these three factors:

Whenever possible, use collaboration, particularly when the issues are important to both parties. Collaboration encourages mutual respect and concern while producing a win-win solution. Neither side has to sacrifice their ethical standards and values.

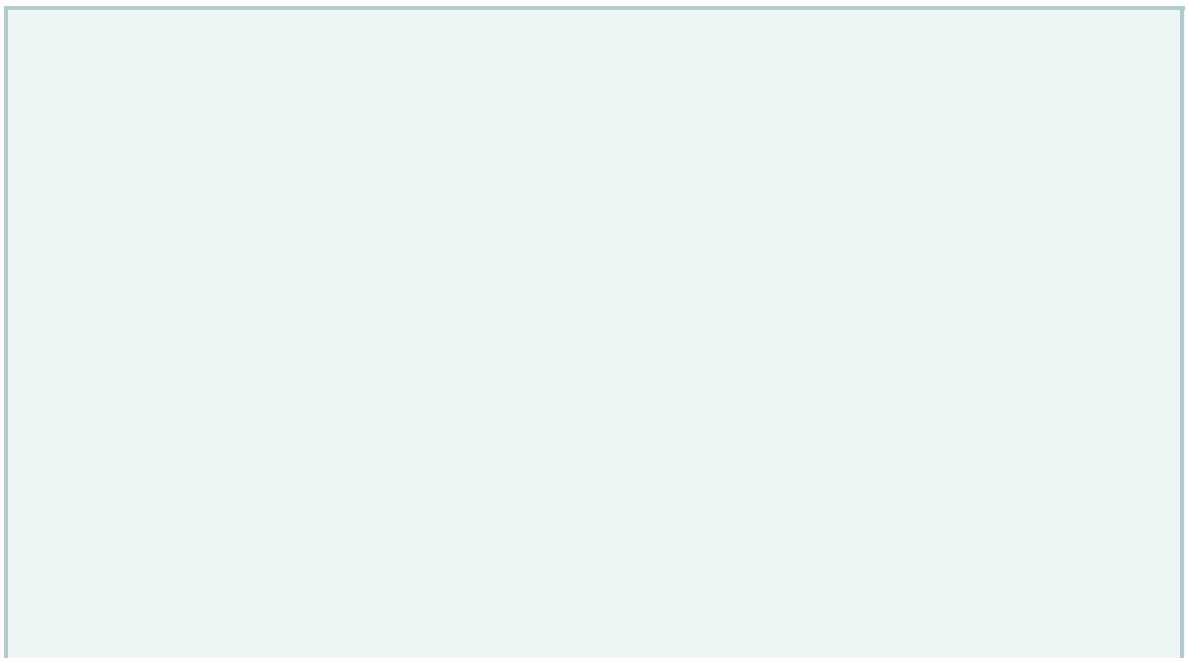
Forcing tactics are more justified when values are highly significant to you, but not that important to the other party. However, forcing should generally be used as a last resort since it takes away autonomy and damages relationships.

Accommodation and negotiation are generally appropriate when moral significance is low for you and high for the other party. They are short-term tactics often employed when one party has high power or when the issue isn’t significant.

Negotiation and compromise are defensible when disputants make concessions on low-significance values while preserving more significant values.

Education is a long-term strategy that respects the autonomy of the other party. This tactic can be used to supplement forcing, accommodation, and negotiation.

To illustrate how their model works, the theorists use the example of Levi Strauss. The company came under international criticism for using children under 14 in its Bangladesh factories. This issue had high moral significance for both Strauss and Bangladeshis. Child labor is condemned by the company and violates international labor standards, but Bangladeshi families rely on their children for financial support. The company had the power to address the situation, and felt a sense of urgency to do so given its code of ethics and international guidelines. However, instead of forcing children to quit, Strauss considered the needs of its employees and developed a win-win solution. The children went back to school while the company paid for their education, covering all books, uniforms, and tuition. In addition, each child was guaranteed a job at age 14.



Chapter Takeaways

- In addition to providing significant benefits, globalization poses a number of ethical dangers, including increasing the gap between the haves and have-nots and promoting greed and corporate power at the expense of individuals.
- Overcome ethnocentrism, prejudice, and stereotyping through dialogue, mindfulness, adoption of a pluralistic perspective, and the practice of personal virtues that promote global cooperation.
- Seeking to be a citizen of the world is one way to address the dangers of globalization while combating perceptual biases. Cosmopolitanism encourages compassion for those outside our nations, extending aid to the less fortunate no matter how distant from us.
- Understanding the values that ethnic groups and nations hold in common helps explain ethical differences and better equips you to predict how members of other societies will respond to moral dilemmas. Common value orientations include power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, performance orientation, future orientation, assertiveness, and humane orientation.
- Cultures differ in their responses to universal dilemmas, which produces contrasting value dimensions. Societies take different positions on universalism/particularism, individualism/communitarianism, specificity/diffusion, achieved status/ascribed status, inner/outer direction, and sequential/synchronous time. Focusing on one value

to the exclusion of the other dimension encourages unethical behavior. Instead, integrate or reconcile elements from each end of the continuum.

- Ethical differences between cultures can also be explained by the emphasis that various groups place on one or more of the following: harm/care, fairness/reciprocity, in-group/loyalty, authority/respect, purity/sanctity.

- Resist the temptation to practice cultural relativism. Instead, look for ethical common ground, found in such universal principles as the UN Universal Declaration of Human Rights, the Caux Principles for Responsible Business, and the Global Business Oath.

- When making ethical decisions in global settings, balance universal principles with the need to honor local laws and values. Keep three key decision-making guidelines in mind: Local customs must (1) conform to global standards or hypernorms; (2) give priority to the authentic, legitimate norms of the host country; and (3) whenever possible, give more weight to norms generated by larger communities. In cases involving conflicts between your company's norms and those of the host country (questionable practices), empower employees to decide based on corporate values, and look for ways to leverage your firm's influence to change local business practices.

- Select cross-cultural ethical conflict management strategies based on three factors: the moral significance of the issue, your degree of power, and urgency—the need for immediate action.

Application Projects

1. Do you think the benefits of globalization outweigh its costs? Defend your position.
2. What do you think it means to be a "citizen of the world"? Should you strive to be a cosmopolitan? Why or why not? What would be some of the implications of living as a world citizen? Write up your response.
3. How do you distinguish between cultural borrowing and cultural appropriation?
4. Select a culture, and write an analysis using the Hofstede and GLOBE dimensions. Determine how the culture rates on each dimension, and determine how this cultural profile shapes the ethical attitudes and behaviors of citizens. Write up your findings. As an alternative, select a culture and analyze it based on the six universal dilemmas.
5. Should there be a pledge that all global managers sign? Would you be willing to sign the Global Business Oath? Why or why not?
6. Is there a common morality that peoples of all nations can share? Which of the global codes described in the chapter best reflects these shared standards and values? If you were to create your own declaration of global ethics, what would you put in it?
7. What do your scores on Self-Assessment 12.1 reveal about your level of ethnocentrism? How could you apply the suggestions in the chapter to become less ethnocentric? As an alternative, consider what your scores on Self-Assessment 12.2 reveal about how your culture has shaped your values and ethical decision making.

8. Do you agree with the moral absolutes and moral relatives described in Ethical Checkpoint 12.2? When it comes to global labor rights, should some of the moral absolutes be relatives and some of the relatives be absolutes? Discuss your thoughts with a partner.
9. Develop a case study based on the conflict between the ethical norms of different countries. Identify the values patterns that are contributing to this dilemma. Resolve the conflict using the guidelines provided by integrated social contracts theory, the HKH (questionable practices) model, or the principles of ethical cross-cultural conflict management.
10. Create a case study based on a company or other organization that you believe is a good example of a global citizen.
11. Select one of the diversity scenarios in Case Study 12.3, and reach a conclusion in a group based on concepts (universal principles, strategies for resolving cross-cultural ethical conflicts) presented in the chapter. Present a summary of your deliberations and your decision to the rest of the class.

Case Study 12.1: Leave Well Enough Alone?

Globalization may be bringing the world closer together, but there are still isolated cultural groups. Survival International, a nonprofit advocating for Indigenous rights, estimates that there are around 100 tribal peoples who have little if any contact with modern society. One such people lives on the island of North Sentinel (roughly the size of Manhattan) off the coast of India. The Sentinelese, numbering between 50 and 100, are hunter-gatherers who hunt with spears and arrows fashioned with metal that washes ashore. The group is extremely hostile to outsiders, shooting arrows at anyone who tries to land on their island. In the 1970s, a visiting *National Geographic* documentary filmmaker was hit in the leg. In 2004, islanders shot at a military helicopter sent to check on their welfare following a hurricane. In 2006, two fishermen were killed when they washed ashore after their boat capsized. The Indian government prohibits outsiders from coming within three nautical miles of North Sentinel, fearing that the islanders have no immunity to many common diseases and believing that outside contact would destroy their culture.

Young American Christian missionary and adventurer John Allen Chau didn't let the group's fearsome reputation or the law keep him from visiting North Sentinel Island. Hoping to evangelize the Sentinelese, Chau bribed local fishermen to take him to the island. He then paddled a kayak to shore, carrying a fish, scissors, a soccer ball, and other items as gifts, declaring "My name is John, and I love you and Jesus loves you."[1] He retreated back to the fishing boat after being shot at. There he left a letter telling his parents not to blame

the islanders if he died and instructing them to not retrieve his body. The next day, he headed back to shore where he was killed and buried on the beach. Indian police gave up on their attempts to recover Chau's body after they too were greeted with arrows. No action will be taken against the Sentinelese for killing him. John's family forgave those who took his life.

Chau's friends and his sponsoring mission organization, All Nations, called him a martyr who gave his life on a divine mission to reach people who had not yet heard the Christian message. All Nations training director Pam Arlund pointed out that John, who was an experienced world traveler, prepared for his trip to North Sentinel by completing emergency first-aid and linguistic training. In order to protect the islanders from disease, he received a number of vaccinations and served a self-imposed quarantine to ensure that he wouldn't infect the Sentinelese. "John was not reckless or extreme at all, and he had put together a very responsible plan," Arlund asserts. "He had counted the costs and knew that he might lose his life. But he had also put plans in place to protect the North Sentinelese. That's because he loved them."[2]

For their part, Indian government officials believe that Chau was reckless, engaging in a "misplaced adventure in a highly protected area."[3] They charged the fishermen who took him to the island with contributing to his death as well as with violating laws protecting Indigenous peoples. Even other Christians who promote evangelism were critical of his mission. According to Wheaton College professor Scot Morea:

> I'm appalled by the naivete of thinking you go to a beach, you throw a fish at some people, you holler at them, and then you come back and spend the night and everything is going to be fine. It doesn't

show much sensitivity and it doesn't show much common sense.[4]

Chau's ill-fated encounter with the North Sentinelese highlights the ethical issues surrounding contact with isolated cultures. Should they be left alone because any outside contact is detrimental? Does initiating contact violate their right to determine their fate, particularly if they fear outsiders? On the other hand, is a hands-off approach outdated and paternalistic? Does it deny Indigenous peoples the benefits of modern development? Should governments intervene if it appears as if a culture is in danger from outside development or, as in the case of the Sentinelese, their numbers are apparently declining? The answers to these questions will continue to be debated as long as there are tribal groups cut off from global society.

Discussion Probes

1. Was Chau justified in breaking the law because he believed he was on a divine mission? Does serving a higher cause ever justify breaking the law?
2. Do you think Chau was ethnocentric? His sponsoring organization? Why or why not?
3. Did Chau violate the rights of the Sentinelese people by visiting their island even though they reject outsiders?
4. Was Chau reckless, or should he be honored as a martyr?
5. Should the Sentinelese people and other isolated peoples be left alone or brought into the modern world? What are the risks and benefits of either course of action?
6. What ethical principles should guide interaction with isolated tribal groups?

Sources: American missionary, adventurer killed by tribe members on restricted and remote island. (2018, November 21). *Associated Press*.

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Notes

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Case Study 12.2: Apple in China: Choosing Sides

Hong Kong protests held the world's attention in 2019, as hundreds of thousands of Hong Kong residents occupied the streets to stand up against what many felt were direct affronts on their freedoms at the hands of the Chinese government. According to organizers, over 2 million people took part in a summer of 2019 march, with hundreds of thousands more involved in smaller protests that led to over 2,600 injuries and 7,000 arrests in less than a year's time. These protests were initially triggered by a bill put forth by the Hong Kong government, which would have allowed for the extradition of criminal fugitives to China. As the protests waged on, numerous accusations of police brutality and government suppression emerged from the front lines.

Beyond the streets, multinational corporations the world over felt pressured to take sides. While many individuals and companies offered support for the Hong Kong protestors, China, in its customary manner, was quick to withdraw its business from any organization seen as critical toward its government. When a National Basketball Association executive from the Houston Rockets tweeted support of the Hong Kong protests, China wasted no time pulling back from negotiations with the entire league, canceling games and undoing plans that had been months, even years, in the making. Time and again, China has proven that it will not waver from its strict rules and viewpoints. Compromise is not an option.

Apple is caught in the crosshairs. Many Hong Kong residents made use of an iPhone app called HKmap.live, which was

designed to help citizens track the locations of police activity and protests throughout the region. According to the app's developer, it was designed to help people feel safe navigating the city, helping them to avoid trouble hot spots as they get on with their lives. However, the Chinese government claimed HKmap.live was being used by activists to organize protests and demanded that Apple remove the program from its app store. Apple CEO Tim Cook was quick to defend his company's decision to disable the app, saying "the app was being used maliciously to target individual officers for violence and to victimize individuals and property where no police are present. This use put the app in violation of Hong Kong law."[1]

If this were an isolated incident, it would not be a major problem for Apple. Yet the removal of HKmap.live was just the latest China-related issue that the company has faced. In the recent past, Apple has faced scrutiny for its seemingly tone-deaf response to reports of poor working conditions in Chinese factories manufacturing components for Apple products. In 2017, the company was criticized for removing VPN apps, used by many customers to freely access the internet, from its app store when the Chinese government deemed them illegal. In a statement, ExpressVPN wrote, "We are troubled to see Apple aiding China's censorship efforts."[2] In reply, Cook explained at the time that "we would obviously rather not remove the apps, but like we do in other countries, we follow the law wherever we do business."[3]

For Apple, the stakes are high. Executives want to cooperate with the Chinese government while maintaining a positive reputation with their customers and investors. Over 750 million Chinese use cell phones, and that number should continue to rise. In China, Apple is battling against local mobile powerhouses like Huawei, vivo, and OPPO for

increased market share. Thus far, it has been a losing battle, with Apple's portion of the market dipping below 10% in 2019, a near 50% drop. Against a backdrop of increased tensions between the White House and China's government, shareholders and citizens are carefully watching Apple's response to criticisms in East Asia.

In the case of HKmap.live, Apple eventually gave into public pressure and reopened the app for download. While many questions remain regarding the circumstances behind the company's reversal, the outcome appeared satisfactory to most. So when Apple followed this move by removing the Republic of China flag emoji, used to represent Taiwan, from the iPhone keyboard in Hong Kong and Macau, the company's critics were once again disappointed.

To many, the real question to which Apple CEO Tim Cook needs to respond is less about HKmap.live or any other incident and more about the company's true priorities. Is Apple willing to hold up the integrity of its services and products for the good of its users worldwide? Or will the company appease the Chinese government at almost any price? The answers remain to be seen, and that makes many of Apple's users, and investors, more than a little uncomfortable.

Discussion Probes

1. Do you use any type of location/GPS app on your phone (e.g., Waze, Google Maps)? While such apps are convenient, many feel that GPS location is an invasion of privacy. Do you agree? Disagree?
2. Do you agree with Apple CEO Tim Cook's assessment that the HKmap.live app was doing more harm than good?
3. Did Apple violate any universal ethical standards described in the chapter by agreeing to shut down HKmap.live?
4. What ethical guidelines should companies follow when determining whether or not to obey local government regulations?
5. How might using the HKH model provided in this chapter help a company like Apple navigate its dealings with China in an ethical manner?

Sources: Bilton, R. (2014, December 18). Apple "*failing to protect Chinese factory workers*." BBC.

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Doffman, Z. (2019, October 6). Apple fails to get it right in China again. *Forbes*.

Myers, S. L., & Buckley, C. (2019, October 13). American basketball vs. Chinese hardball: Guess who won? *The New York Times*.

Smith, J. (2017, July 30). Apple removes VPN app from China app store to comply with government. *ZDnet*.

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Notes

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Case Study 12.3: Scenarios for Analysis

The Branch Manager

You have been appointed as manager of your British manufacturing company's operations in Colombia. The previous manager, also an expatriate, followed local customs when it came to staffing and leadership style. In keeping with the widespread belief in Latin America that "only family can be trusted," the branch hired relatives of current employees. In addition, the previous branch manager acted as "the grand patron," which met cultural expectations of how a leader should behave. As the grand patron, he dispensed cash, time off, and other benefits that ensured the loyalty of an inner circle of subordinates.

Colombian operations consistently meet production targets, but you are bothered by the inefficiencies you see. Some family members lack the qualifications to carry out their duties. You don't believe that as a leader you should be dispensing resources that belong to the organization. The home office will give you the freedom to lead as you see fit, though headquarters bases hiring on merit, and "treating all employees fairly" is enshrined in the company's values statement.

Discussion Probe

Should you follow the example of the previous manager or follow the practice of the home office?

Note: This scenario is loosely based on a real-life example found in Osland, de Franco, and Osland (2000).

The Right to Be Forgotten?

You are a legislator in a midwestern state considering whether to support a bill that allows individuals to remove information from the internet. This law would be similar to a European statute that guarantees citizens the "right to be forgotten." The European Court of Justice ruled that persons have the right to ask Google and other search engines to remove information that is "inaccurate, inadequate, irrelevant or excessive." Supporters of the bill believe that states should follow the lead of the European Union, which puts a higher value on online dignity and privacy than regulators in the United States. A number of your constituents have complained of being victimized by false information posted online, information that can never be erased. However, opponents of this bill believe that the right to be forgotten is a form of censorship comparable to allowing librarians to destroy books they don't like. Media outlets worry that prominent people and corporations will use the system to delete unfavorable information about them.

Discussion Probe

Will you vote for the right to be forgotten law?

Sources: Bradshaw (2016); Chow (2013); European Commission (2014).

Outsourcing Fast Fashion

You are in charge of buying women's clothes to sell at your firm's chain of small boutique stores located in malls and downtown shopping districts across Canada and the United States. The company's success depends on "fast fashion"—selling the latest styles at low prices. You depend on your suppliers to meet tight deadlines while keeping costs down. Currently, most of your product is manufactured in Bangladesh. Conditions have improved for that country's garment workers since the 2013 collapse of Rana Plaza, which killed 1,100 factory workers. However, many problems still remain. Working conditions are often dismal and unsafe. Employees frequently suffer physical and verbal abuse at the hands of factory owners and managers while only earning around $90 a month. Ensuring that your suppliers follow your firm's ethical sourcing guidelines is nearly impossible since they often subcontract with less reputable firms. Corruption and low numbers of inspectors make it hard for government officials and outside groups to monitor factory conditions. You also know that "fast fashion" (the key to your company's business model) contributes to labor abuse as factory owners force their employees to work unpaid overtime to fulfill unrealistic contracts. This will continue to be a problem even if you outsource to India, Vietnam, the Philippines, or some other nation with cheap labor and expertise in garment making. Then, too, pulling out of Bangladesh may cost jobs in an extremely poor country where the apparel industry accounts for 80% of the nation's exports.

Discussion Probe

Will you stop ordering your apparel from factories in Bangladesh?

Sources: J. Burke & Butler (2019). Ventura (2020).

Should We Stay or Should We Go?

You are the CEO of a small international relief agency. Your group prides itself on operating in some of the world's most trying conditions. Your frontline staff are often "the first in and the last out," bringing aid before other international agencies and staying on after they leave. However, as agency head, you must balance the desire to help the world's highly vulnerable populations with the need to keep your employees safe. Conflict between rebel and government forces is an ongoing risk to your camp coordinators, doctors, nurses, teachers, counselors, nutritionists, and other personnel working in refugee camps in the Middle East. Now there is added danger. In order to keep a pandemic from entering the region, rebel and government leaders have cut off all flights, preventing medical evacuations and keeping relief personnel from rotating out for recuperation and reassignment. Crowded conditions in the camps will likely make them infection hot spots should the virus make it into the region. Other agencies have scaled back their staffs in response to the flight ban.

Discussion Probe

Will you pull your personnel from the refugee camps?

Note: This scenario is loosely based on actual events.

Source: Parker (2020).

NOTES

Front Material

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6. W. H. Shaw (2011, p. 7).

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31. See, for example, G. K. Y. Chan (2008); Confucius (2007); Romar (2002, 2004).

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43. Gilligan (1982); Held (2006); Larrabee (1993); Noddings (2003).

44. Jaffee & Shibley Hyde (2000).

45. Held (2004).

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